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HOUSE OF COMMONS

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THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

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STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

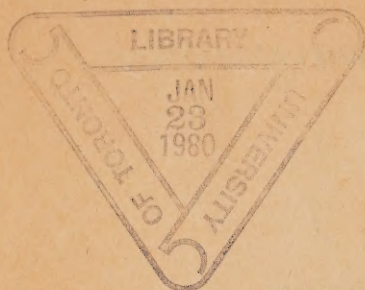
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TUESDAY, MARCH 13, 1956
THURSDAY, APRIL 12, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statement by the Honourable the Secretary of State for External
Affairs, Mr. L. B. Pearson.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.



STANDING COMMITTEE
ON
EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.
and Messrs.

Arsenault	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Balcer	<i>Jean</i>)	Macnaughton
Bell	Goode	McMillan
Breton	Hansell	Montgomery
Cannon	Henry	Patterson
Cardin	Huffman	Pearkes
Coldwell	James	Richard (<i>Ottawa East</i>)
Crestohl	Jutras	Starr
Decore	Knowles	Stick
Diefenbaker	Lusby	Stuart (<i>Charlotte</i>)
Fleming	MacEachen	Studer—35.
Garland	MacInnis	

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, January 26, 1956.
HOUSE OF COMMONS,

Resolved,—That the following Members do compose the Standing Committee on External Affairs:

Arsenault,	Garland,	MacInnis,
Balcer,	Gauthier (<i>Lac-Saint-</i>	MacKenzie,
Bell,	<i>Jean</i>),	Macnaughton,
Boisvert,	Goode,	McMillan,
Brefon,	Hansell,	Montgomery,
Cannon,	Henry,	Patterson,
Cardin,	Huffman,	Pearkes,
Coldwell,	James,	Richard (<i>Ottawa East</i>),
Crestohl,	Jutras,	Starr,
Decore,	Knowles,	Stick,
Diefenbaker,	Lusby,	Stuart (<i>Charlotte</i>),
Fleming,	MacEachen,	Studer—35.

Ordered,—That the Standing Committee on External Affairs be empowered to examine and enquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

FRIDAY, March 2, 1956.

Ordered,—That items numbered 92 to 115 inclusive of the Main Estimates 1956-57, be withdrawn from the committee of Supply and referred to the Standing Committee on External Affairs, saving always the powers of the Committee of Supply in relation to the voting of public moneys.

TUESDAY, March 13, 1956.

Ordered,—That the said Committee be authorized to sit while the House is sitting.

Ordered,—That the said Committee be empowered to print from day to day seven hundred and fifty copies in English and three hundred copies in French of its minutes of proceedings and evidence and that Standing Order No. 66 be suspended in relation thereto.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

TUESDAY, March 13, 1956.

The Standing Committee on External Affairs begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be authorized to sit while the House is sitting.
2. That it be empowered to print from day to day, seven hundred and fifty copies in English and three hundred copies in French of its minutes of proceedings and evidence and that Standing Order No. 66 be suspended in relation thereto.

Respectfully submitted,

MAURICE BOISVERT,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, March 13, 1956

The Standing Committee on External Affairs met at 11.00 o'clock A.M. this day for organization purposes. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Balcer, Bell, Boisvert, Cardin, Coldwell, Crestohl, Decore, Diefenbaker, Fleming, Gauthier (*Lac St-Jean*), Hansell, Huffman, James, Jutras, Knowles, Lusby, MacEachen, Montgomery, Patterson, Pearkes, Richard, Starr, Stick, and Studer.—(24).

Mr. Boisvert extended thanks to members of the Committee for his election as Chairman.

The Orders of Reference were read by the Clerk of the Committee.

On the motion of Mr. Crestohl, seconded by Mr. Huffman,

Resolved,—That a Sub-committee on Agenda and Procedure be appointed comprising the Chairman and 8 members to be designated by him.

On the motion of Mr. Jutras, seconded by Mr. Decore.

Resolved,—That a recommendation be made to the House to empower the Committee to sit while the House is sitting.

On the motion of Mr. Stick, seconded by Mr. Huffman,

Resolved,—That a recommendation be made to print 750 copies in English and 300 copies in French of its minutes of proceedings and evidence.

The Committee was informed that the services of the Secretary of State for External Affairs will be available for three days and it was suggested that Tuesday, Wednesday and Thursday of the week of March 19th might be suitable for his appearances before the Committee.

The Committee adjourned at 11.15 A.M. to the call of the Chair.

THURSDAY, April 12, 1956

The Standing Committee on External Affairs met at 3 o'clock p.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Arsenault, Balcer, Bell, Boisvert, Breton, Cannon, Cardin, Coldwell, Decore, Diefenbaker, Garland, Goode, Hansell, Henry, Huffman, James, Knowles, MacEachen, MacKenzie, McMillan, Patterson, Richard (*Ottawa East*), Starr, Stick, and Stuart.—25.

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs and Messrs. R. M. MacDonnell, Deputy Under-Secretary, W. D. Matthews, Assistant Under-Secretary, S. D. Pierce, Deputy High Commissioner to the United Kingdom, A. A. Day, Special Assistant to the Secretary of State for External Affairs.

STANDING COMMITTEE

The Chairman, after calling the meeting to order announced that the following members have consented to serve with him on the Sub-Committee on Agenda and Procedure: Messrs. Diefenbaker, Balcer, Coldwell, Patterson, Stuart, James, Decore, and Macnaughton.

The first item of the Main Estimates of the Department of External Affairs, Item 92, was called.

Mr. Goode, while paying tribute to Mr. Pearson for the fine reputation he enjoys abroad, deploring the lack of attention paid by the press to the subject of External Affairs.

The Honourable Mr. Pearson expressed appreciation for the opportunity of addressing the Committee and made a general statement outlining his views on the following subjects:

1. Recent developments in the Soviet Union and their implications.
2. The North Atlantic Treaty Organization—military, economic and political aspects.
3. Asia and its relations with Eastern and Western countries.
4. The Colombo Plan.

During questioning which followed, Mr. Pearson made further observations concerning social, economic and political conditions in the USSR, relations between Russia and China, and developments in India and Ceylon.

The Secretary of State, Mr. Pearson, tabled a statement of Canada's post-war financial assistance abroad. (*See Appendix A*).

At 5.30 o'clock P.M., Mr. Pearson's questioning still continuing, the Committee adjourned to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

APRIL 12, 1956.

3.00 p.m.

The CHAIRMAN: Gentlemen, as we have a quorum the meeting is open.

Before the last meeting I did not go to the trouble of asking the following gentlemen to be members of the steering committee. These member have given me their assent: Messrs. Diefenbaker, Balcer, Coldwell, Patterson, Stuart, James, Decore and Macnaughton. I am sure that these names will meet with the warm approval of the committee.

As our first item of business we will deal with the first item of the estimates of the Department of External Affairs which appear at page 18, the details of which are on page 173.

First, however, Mr. Goode has asked me to give him an opportunity to make a statement.

Mr. GOODE: Mr. Chairman, I know we are all very anxious to hear Mr. Pearson. Within the last three weeks I was in New York and had the opportunity of seeing the United Nations building again. I saw it at one time, being on the delegation, as most of the members of this committee have been. I learned again from some of the members of the staff how highly regarded our Secretary of State for External Affairs is in New York. It is because of that high regard for the status of Canada in the United Nations that I wish to bring to the attention of this committee, not in a facetious manner but in a very serious vein—because I know that each member of this committee views his responsibility very seriously—the fact that the overseas press—not speaking of the local press in Ottawa or in the House of Commons—but the members of the overseas press are stressing, to my mind, external affairs on a very limited basis at this time. In reading the paper this morning, a copy of which I have before me, I notice that a coalition has been formed between Jordan and Syria. That takes the position on the front page of this Montreal paper of one column of about two inches. I notice there is a picture also, where Mr. Dag Hammarskjöld is meeting a certain Egyptian official.

On the front page of another paper, in a spread some fifteen or twenty inches three columns wide, it goes into some detail respecting the marriage of a certain movie star whose marriage will most likely last for one year. That is given in a spread which over-shadows our Department of External Affairs.

I hope that the country as a whole will view the importance of one matter as against the other, and I am sure the people of Canada will regard Mr. Pearson's statement in this committee as important.

I was speaking to one member of the press gallery this morning and he tells me the wires are practically full of the news of this coming wedding. He said to me—and I go along with his view—that the news on the front pages of some of our Canadian papers was sickening. I agree with that.

I hope that when Mr. Pearson speaks the country will be able to read of his very valued comments.

Mr. RICHARD (*Ottawa East*): I hope this statement will not cause international dissension with the State of Monaco.

The CHAIRMAN: Gentlemen, we have the pleasure today of having the hon. the Secretary of State for External Affairs with us.

Dealing with the first item, I think this is the proper time to ask the minister to make the usual statement which I am sure will be enlightening to every member. Mr. Pearson.

Hon. LESTER B. PEARSON (*Secretary of State for External Affairs*): Mr. Chairman and gentlemen, I do not flatter myself by thinking that anything I can say this afternoon will compete in popular interest with developments in Monaco. However, I still am happy to have the privilege of appearing before you in the customary way and subjecting myself to you for examination on international developments, especially those which affect our own country.

I am not certain, Mr. Chairman, how the members of the committee would prefer me to proceed. I could make a statement, a rather general statement, dealing with certain aspects of the current international scene, and then could be available for questioning afterwards; or, I could take up three or four subjects and be questioned on each before I proceed to the next one. I am, of course, in your hands on that.

Naturally there will be a lot of things on which I will not touch even in the most general statement. But if there are matters with which I do not deal in any statement I may make I will naturally be glad to do all I can to exchange views later with the committee on those, if they are raised by members.

If you think it desirable, I could begin by giving the committee my views and the views of our department on certain recent developments in the Soviet Union which have affected, I think, the basis of east-west relations at the present time.

I would like, then, also to say something about NATO and NATO problems; and finally some observations on our relations with the countries of Asia, both political and economic.

The first subject then, if I may proceed, that I would like to touch on is recent developments in the Soviet Union affecting relations between what we call the east and the west. We in Canada are not a principal in some of these developments but we are certainly vitally concerned with them. In respect of them we can exercise some influence not only because of the importance of our country but because of our close relationship to the United States, the United Kingdom, and France which are principals on the western side.

I would like to begin by going back to the summit conference, as it is called, of last summer at Geneva. This made it pretty clear, I think, that both the Soviet Union and the western countries have tacitly accepted the fact that a global war involving thermonuclear weapons would be a war of mutual annihilation, and therefore is to be avoided.

The conference of foreign ministers at Geneva which followed the summit conference made it, I think, almost equally clear that the Soviet Union had not, however, changed its major foreign policy objectives and was not willing, at least at this stage, to negotiate with the west over the most important of those objectives.

The logical conclusion, as I draw it, from these two conferences is that Soviet policy is now to be pursued at least for the time being by a variety of methods short of global war. From that possibility we can take some comfort. The limits to which activities on both sides may be pushed without running the risk of global atomic war have possibly now been extended, although I do not think any of us know how far. But, having said that, I repeat what I have also said—and I think this is the significant fact—Soviet objectives remain the

same even though Soviet methods may have changed to what they probably consider, from their point of view, to be a more positive and fruitful approach. As I see it the main objectives of Soviet policy remain, so far as policy in the west is concerned—I am not talking about Asia—the dissolution of the North Atlantic Treaty Organization and the withdrawal of the United States from western Europe. The Soviet leaders have made it pretty clear that they will not tolerate the unification of Germany within NATO. For the time being at least Soviet terms for unification of Germany are, to use the words Mr. Molotov used, whether by calculation or by accident, at Geneva: the preservation of the social and economic structure of a communist eastern Germany within a unified Germany.

It may be, however, that the Soviet leaders are genuinely anxious to reach some agreement on disarmament in order to free labour and resources for non-military purposes. I would not dismiss that. The fact that we are taking the disarmament subcommittee in London so seriously is an indication that we do not dismiss it. That, so far as it goes, is an encouraging factor. But it also is true that the Soviet remains very suspicious of many of our western ideas on disarmament.

It is also, I think, true that in view of the relative stability which has now been reached in the positions on either side in the west—the relative stability—the Soviet leaders are turning to the middle east, and to south and southeast Asia where they hope to extend their influence and diminish western influence and prestige. We know, of course, how they are trying to do this; by promoting discord in the area—this is particularly shown in their middle east policy—and by offers of assistance of one kind or another in southeast Asia and Africa.

A few weeks ago there was a chance to check this analysis of Soviet policy by an examination of the conclusions of the communist party congress in Moscow which was, of course—I do not need to tell the members of the committee—an event of very great significance. It is quite a chore to read the speeches of the communist leaders at that conference, but it is a labour well repaid in the knowledge gained of Soviet policy by anyone who wishes to undertake it. Mr. Krushchev's speech particularly should be examined and re-examined by anyone who wants to understand what is going on in Russia and in the communist party. I am not sure today that it is not as important a blueprint as Hitler's *Mein Kampf* was for Nazi policy. It is a long speech, 7½ hours, and it takes a long time to read. A lot of it is pretty dull but it also is of great importance. After careful study of that statement and of the statements of other Soviet leaders at that congress, I, and the officials of the Department of External Affairs, have drawn certain conclusions. I submit these, of course, with some diffidence because conclusions in a matter of this kind can easily be wrong:

One, the Soviet leaders are full of confidence. They believe in the correctness and the ultimate success of their policies and of the success of their new tactics.

Secondly, the principle of what they call collective leadership and which has very little to do with democracy as we understand it, is now pretty firmly established, at least for the time being. That does not mean that anything like parliamentary democracy is being introduced into the Soviet Union, but it does mean that eleven, or nine, or seven, or three despots have been substituted for one. In that group—and they seem to get on very well together—Mr. Krushchev would appear—and I emphasize the word appear—to be the dominant factor. He certainly at the moment, does not give any indication of trying to set himself up as the successor of Stalin, but I would not myself wager more than even money that ultimately out of all this may come another single Russian ruler. It is in the tradition of Russian history, and the tradition of communist ideology, to have a single ruler. That may develop although there is no indication that it is developing at the moment.

Third, and this is something which is very important in all our minds, the former Russian dictator, Stalin, has been discredited for his policies and for his doctrine; and discredited by those very men who probably owe their survival today to slavish unquestioning obedience to him when he was alive. The communist leaders who took issue with Stalin when he was alive are not around to discredit him today. Not Stalin, but Lenin remains as the sole interpreter of Marxism. Yet, the present leaders of Soviet Russia are confident enough of themselves and of their power to be prepared to modify even some Leninistic precepts in the light of current conditions. That is to me a rather surprising development. If you refer to Mr. Khrushchev's speech he had this to say: "There is, of course, a Marxist-Leninist precept that wars are inevitable as long as imperialism exists. This precept was evolved at a time when (1) imperialism was an all-embracing world system and (2) the social and political forces which did not want war were weak, poorly organized, and hence unable to compel the imperialists to renounce war." He went on to say that this Leninist precept was not necessarily valid in the conditions of today.

I think that represents a good deal of confidence in their doctrinal as well as their political position.

Fourth, the congress showed that there had been some mellowing of the regime, and the dictates of the regime in both internal and external policy.

The internal discontent of the communist intelligentsia, if I may call them that, with the Stalinist straight-jacket, may be one of the reasons for this.

I suspect however that a more important reason for this mellowing is that the present leaders of Russia feel so sure of themselves and of their system that they now think that a mild increase in liberalism, spelled with a small "l", contains no threat to their policy, and indeed might strengthen it.

Externally this mellowing springs from a realization that "normal" relations with other states and a more civil approach are likely to contribute to, and succeed in, a period of détente. The removal of our fear would seem to be one of their main objectives now, and they probably feel that our fear of Soviet imperial communism is based largely on memories of Stalin, and of his threats and of his tyranny. If they can remove the fear of Stalinism from our minds, they may think that we may relax in the western world and fall apart.

Then there is another conclusion from Khrushchev's statement he stated it in definite words; that heavy industry will continue to get priority over consumer goods, to enable the Soviet Union to catch up with the west industrially. Yet at the same time they have made some concessions to the people, in order to ensure their support of the regime without recourse to terrorist methods, by appealing to their desire for more creature comforts.

Peaceful co-existence between states of differing social systems will continue to be the theme of Soviet foreign policy, in carrying this out the Soviet Union will concentrate its attention on the neutral and uncommitted nations, particularly by economic means, at the same time—and there is lots of evidence of this—they will try to enter into bi-lateral negotiations with western democracies in an attempt to weaken their unity, to play one off against the other and especially to play all of us off against the United States.

But in spite of this talk of peaceful co-existence which runs through all of Khrushchev's statement as well as the other statements at the congress, there is every indication that the Soviet Union intends to maintain and even to strengthen its own military capabilities and alliances.

I can again use Khrushchev's own words to prove that. He said that they must take all measures necessary to further strengthen the defence potential of the socialist state, and to maintain their defences at the level demanded by present day armaments and science and to ensure the security of their socialist country.

You know they are very critical and very condemnatory in Soviet Russia, I heard a great deal about this from them while I was there, of what they call aggressive blocs; especially NATO. If you read Khrushchev's speech, however, you will note that he had no hesitation in referring to the necessity of strengthening the unity and power of the socialist camp. The socialist camp, however, is a bloc which is far more monolithic, on the surface at least, than any in the western world.

So Khrushchev said in his speech that they would continue in one way or another to help the socialist states, the communist states, with assistance. As he put it: "We regard it as our fraternal duty to the camp of socialism, to strengthen the entire socialist camp and to guarantee the freedom, independence economic and cultural program of each of the countries making up this great camp."

Then as I have already stated—and this is a conclusion that can be drawn from the Communist Congress, to reinforce the conclusion we have already drawn from the Geneva meetings—the implications of thermonuclear warfare are now recognized by the Soviet leaders. And as a consequence the inevitability of war between the communist and the non-communist world is rejected because of the supposed deterrent effect of Soviet thermonuclear warfare capabilities and Soviet economic strength.

In a sense they have turned against us our own doctrine of atomic deterrents. However, while they reject the inevitability of war, and insist on the desirability of co-existence between states of differing social systems, they are quite emphatic in stating that there can be no co-existence between ideologies. Khrushchev had something very interesting to say about that. "The winning of a stable parliamentary majority backed by a mass revolutionary movement of the proletariat and of all the working people could create for the working class the conditions capable of securing fundamental social changes.

In the countries where capitalism is still strong and has a huge military and police apparatus at its disposal, the reactionary forces will of course inevitably offer serious resistance. There the transition to socialism will be attended by a sharp class, revolutionary struggle."

And he went on: "whatever the form of transition to socialism, the decisive factor is the political leadership of the working class of the communist parties headed by its vanguard."

He followed this up with the following sentence: "In this connection we cannot pass by the fact that some people are trying to apply the absolutely correct thesis of the possibility of peaceful co-existence of countries with different social and political systems to the ideological sphere. "That," he said, "as a harmful mistake." That last was one part of his statement which did not get very much attention but it was of some importance in relation to the new Soviet idea of competitive co-existence. There can be no co-existence between ideologies. This is the final conclusion which I draw from the party congress: that a conscious effort is being and will be made to recognize and placate different forms of socialism. It is probably an effort on the part of the Soviet leaders to work up the idea in various countries of a popular front. They emphasize now that different forms of socialism can be recognized and that not all countries would achieve a communist objective on the pattern of the Soviet Union.

Well, Mr. Chairman, that summarizes the conclusions which we have drawn from this very important Communist Party Congress. From that summary, and from our study of the earlier Geneva conferences and other developments, I think it is fair to say that the new regime in Russia—and it is a new regime—has shown strength and ability in developing new policies suitable for the present circumstances.

I think also that in their tactics, words, and policies, there are indications of a certain stability in the Soviet political system. They have brought about these changes, and they have been changes without much in the way of uprisings or bloodshed inside the Soviet Union. That may not prove the permanent strength of the regime because we do not know how strong or how weak it is going to be permanently; but the exhumation, if you like, of Stalin, and his degradation—I do not think that is too strong a word to use—could scarcely have been accomplished by a group of men who felt weak and uncertain of themselves. Changes have taken place, and they may result in other changes which will be to our benefit and to the benefit of peace. I feel myself that the menace of the Soviet Union, while it has changed in character, remains strong. In some respects it is a more dangerous one than that provided by the nakedly aggressive policy of Stalin himself.

Yet there are some—I was going to say some comforting features in this change—there are some encouraging features. I cannot help for instance but think of the effect of this exhumation of Stalin on opinion in Russia, how it must be unsettling and disturbing. I do not see how it can help but have some effect on the views of people there.

After all they have been taught for twenty years that this man was a god, and now they are being taught that if not a devil, he certainly is no god. And I think also that this process of dethronement is bound to have an effect on the communist parties in other countries. Those communist parties are bewildered by all this. That bewilderment is pretty obvious from their publications. However, I suppose they will toe the line. They are getting around to doing that now; they are moving in and lining up behind the new orders.

But that itself proves once again—if proof were necessary—that the communist parties in other countries are satellites of Moscow, and they are bound to follow any soviet order even to the extent of repudiating Stalin himself. All this certainly makes nonsense of that pretence to nationalism which is now being emphasized by communist parties in various countries, including the communist party in Canada. I think also that the process of restoring to respectability some of Stalin's victims must have an unsettling effect and provoke some questioning even amongst the most disciplined minds. A very good example of that is found in the restoration to post-humous respectability of Rajk, the former communist leader in Hungary who not very long ago was hanged as a traitor, a spy, a Titoist and everything else that was horrible. But now the Kremlin states that all this was just a mistake, and boasts that the very fact that the communist party is willing to recognize its past mistakes shows how strong and honest it is. But this does not explain how Rajk himself, before he died, admitted all his alleged crimes, all his offences; said that hanging was too good for him, and that he was even worse than his accusers stated that he was.

It is not going to be so easy to explain away the process by which a man who is now made respectable again after execution could say those things about himself before his death. It is interesting to speculate how he got into that position if he were really innocent all along. Yet the Soviet leaders do not seem to be too worried about these implications of their tactics.

These leaders seem convinced that in the long haul their system has a better chance of survival than ours; that the lack of discipline in the west will make it impossible for our people to stand up to a long period of competitive co-existence.

They are pretty sure that time is on their side; especially that a time of relaxation of tension will cause the west to slaken its defence effort, will afford new opportunities for dividing the western powers and will permit of greater communist penetration of the free world.

In brief, the Soviet's basic position on major issues remains unmodified but the manner of conducting its foreign relations has undergone a notable change, one which may persist for a considerable time, one which we may be able to exploit to our own advantage and to strengthen the chances of peace, but one which also has considerable danger for us because it is based on tactics more flexible than the one which Stalin so rigidly and tyrannically enforced.

That is all I wanted to say about this particular subject. If you would like to have a discussion on it now, I am quite willing to pause. Or, if you would like me to go on I could deal with one or two other subjects.

The CHAIRMAN: Is it the wish of the committee that we should discuss this matter right away, or wait until the minister has finished

Mr. DECORE: Let the minister finish his other statement.

Mr. HANSELL: I wonder, Mr. Chairman whether there is any degree of urgency in the matter of a discussion. I am somewhat encouraged by some of the minister's observations; I think they are valuable enough to be thought over and analyzed. Speaking for myself, I would prefer questions to be left over until another meeting when we have had time to consider more carefully the minister's statement. I am not going to press this opinion, but if that course were agreeable to the committee the minister could go on to make his further statement and questions can be put after we have received the printed record.

Mr. DIEFENBAKER: Perhaps the minister could say whether what he has said up to now is all he has to say with regard to the relations between the U.S.S.R. and the free world, or whether he has some other subject upon which he wishes to speak.

Hon. Mr. PEARSON: That was my idea—that I would leave this matter for the time being. I was going on to discuss NATO, and then—

Mr. DIEFENBAKER: If that is the case, I think it would be very much more helpful to put questions now rather than to postpone questions until the conclusion. We would be dealing with that particular matter.

Mr. COLDWELL: Will the minister not be dealing, in the course of further discussions, with the activities of the Soviet Union in Southeast Asia, for example? I was wondering if we should not discuss the activities of the Soviet Union when we have the whole picture before us, including Southeast Asia. It occurs to me that we could have a more comprehensive discussion if we took the attitude of the Soviet Union into consideration as a whole, including its activities in Southeast Asia.

The CHAIRMAN: I would personally be inclined to think it would be better if we had the whole statement made today and if we were to start questioning at the next session.

Mr. STICK: My idea in mentioning this matter was that Mr. Pearson's statement is fresh in our minds at the moment, whereas if questions are delayed it would no longer be so. However, if the committee wishes to hear the whole statement, it is all the same to me.

The CHAIRMAN: Is it the wish of the committee to delay questioning until the end of the statement or not?

Some Hon. MEMBERS: At the end of the statement.

Hon. Mr. PEARSON: There are one or two other matters, Mr. Chairman, which I thought I should mention. One, of course, was NATO, a subject with which I cannot deal very exhaustively at this time, but which I might introduce for discussion.

It seems to me that in the second world war we, on the allied side, suffered considerably by reason of the gap which developed between military policy and political purposes. I sometimes think that we are in danger of making that same mistake now and that our experience in and with NATO provides an illustration of that danger. Another way of putting it would be to say that the North Atlantic Treaty Organization is, or should be, far more than a mere agency of defence policy, and I think the feeling is growing that if this is not recognized and acted upon, NATO may not survive at all. Now as I said, the Soviet Union certainly realizes this and that is why they are working so hard to remove our fears. They assume that fear is the only thing holding us together in NATO because that is what holds their coalitions together. NATO is, of course, of vital importance as an organization for collective defence. There is no doubt about that. I will even agree that that is its primary task—the deterrence of aggression, acting as an agency for collective defence. But at the present time it is also very important as an agency for organizing common policy in other fields, and I think its importance in that regard is growing. It is important as a means of organizing a common political and economic approach to world problems and for coordinating our views and policies as to how we should meet threats other than military. There are also its economic functions, how it could assist materially underdeveloped countries.

NATO itself is not, I think, the proper administering agency for this; it is too limited in membership and in character. But the NATO council is a good place in which to discuss these economic matters.

That brings me to the forthcoming NATO council meeting in about three weeks, where practically all the subjects on the agenda, which is now being prepared, are non-military in character—I mean, non-military in the limited, technical sense. We shall have, I hope, at this meeting more opportunity than we have had in previous council meetings to discuss these non-military matters, especially the co-ordination of our foreign policies.

There is another gap in policy which is hurting the west; that is the separation between economic and technical aid to materially underdeveloped countries and political objectives; or, maybe I should put it this way: we are suffering from efforts to close that gap in the wrong way by associating aid with the acceptance on the part of the receiving countries of “cold war” political and strategic objectives. I think myself—and I had a very good opportunity last autumn to examine the matter at the Colombo Plan ministerial meeting at Singapore and subsequently when I visited Colombo plan projects in India and Pakistan—that the purpose of foreign aid is as important as the aid itself. Aid of this kind, economic assistance of any kind on an international scale, is, I admit, bound to be a political act of some kind. The question is: what kind? There has not been a great deal of difficulty in connection with this aspect of the problem of economic assistance in Europe, where the menace of communist imperialism, concentrated in Moscow, was direct and understood; where people had not forgotten Prague and Berlin. But in Asia the situation is very different indeed, and the menace, though it exists, is not understood in the same way. I think that this is quite natural.

A professor at the University of Chicago, Hans Morgenthau, who has been writing some articles on international economic assistance, had this to say in one of his recent ones:

Nowhere in Asia, with the exception of Japan, is the conflict between communism and democracy even intelligible as a philosophic contest between tyranny and freedom, between a totalitarian state and the individual.

I think it is very desirable for us to keep that in mind as we approach this problem of international economic assistance. The Russians, of course, are moving into this field if not in a big way, from one point of view, then certainly in a dramatic way, in a "headline" way. There is no doubt that in moving into this field of international economic assistance in Asia and Africa the Soviet Union is guided primarily by political considerations. They are making lavish offers of help, some of which they will not be able to carry out and which, probably, they have little intention of carrying out; but there are others, on the other hand, which they intend to carry out and which they may indeed carry out very effectively. It would be a mistake, I think, to minimize the effort which they are making. They are doing something else. They are associating these offers of aid with assurances of sympathy and with understanding of the passionate desire of these Asian and African peoples for national freedom, for betterment and greater human welfare. They are lining up with them—sometimes hypocritically—on that front.

They also associate their economic efforts with denunciations of colonialism. That is, of course, an easy way of becoming popular in that part of the world where they have been all too successful in obscuring their own record as the greatest colonial exploiters and the greatest suppressors of freedom in modern times. During the very period in which they were posing as the champions of Asian peoples struggling to be free they were keeping from freedom nations and peoples who have traditions of freedom going back for centuries. It would be a very good thing if we exposed this hypocrisy on their part at every opportunity given to us.

The idea that the Soviet Union should pose as the champion of people struggling against colonial suppression is pretty absurd when you think of the colonial oppressors in the last 25 years in the Baltic States, in the Ukraine, with its traditions of freedom going back to medieval times; in Poland, in Bulgaria, Rumania and in all the satellite states, to not one of which the ruling clique in Moscow allows any expression of popular will. In Asia, on the other hand, six or seven hundred million people—I am not sure of the exact figure—have achieved national freedom since the war and in the case of other colonial peoples who have not yet done so that objective has been accepted by the colonial states who are themselves helping the peoples in question to attain freedom. Nevertheless, it is true that the Russians have been very successful in Asia in identifying themselves with this freedom movement and in causing people to forget their own record in Europe. Then, also—and this helps to account for the fact that they seem to get more credit for their mere offers of assistance than the western powers, especially the United States, get from assistance which has been given—in whatever state they are operating, they get behind the policies of that state. There are many examples to show this. The visit of Mr. Khrushchev and Mr. Bulganin to India and Burma is only one dramatic illustration of what they will do. Then, of course, they take advantage of every possible opportunity to weaken the position of the west by promoting strife and prejudice.

What should we in the west do to counteract all this, and what should be the principles upon which our international aid policy should be based?

As I said a little while ago I think we should pay a little more attention to the "why" and "how". *Why* do we help these people, and *how* do we help them? We must consider these things and not merely *what* we are doing to help them. I think in this regard that it is essential to divorce our aid from political considerations and if we—as I am sure we do in connection with the Colombo Plan—go out of our way to respect the national and cultural sensitiveness of the people with whom we are co-operating in this field; and if we make sure that our aid is practical and well administered and if before we

engage in any project we work out an agreement between the countries concerned, the giver and the receiver, as we do under the Colombo Plan, then we shall be working in the best and most practical way.

Finally, I think we should bring the United Nations into these matters as much as possible—more than we have in the past—because there is no better way of removing any suspicion that there is some ulterior purpose in granting aid than in having it administered by an international organization. The Colombo Plan is a good example. If we operate in this way I do not think we need to worry about competing with the Soviet Union in this field. Indeed we would be making a mistake, I think, if we tried to match their promises and compete with them in that way. If we could only “get across” to the peoples of Asia what the west has done in this field it would, I think, be an excellent thing.

In that connection, Mr. Chairman, there has been, even in our own country, some misunderstanding of the nature and scope of our own participation in schemes of international economic and financial assistance. I have, for instance, seen references to our Colombo Plan activities which have in my view played down what we have done, and I have seen other public references which by using the wrong figures very greatly exaggerate what we have achieved. If the committee feels it will be useful, I would like to table an authoritative statement giving the details both in regard to the value and the destination of everything which we have contributed in the field of financial and economic assistance since the end of the second world war. I could go through the document and read it, but I think if it were just put on the record it would give members of the committee a chance to become familiar with it.

The CHAIRMAN: Is it the desire of the committee that it should have this document tabled and printed in the minutes of this meeting?

Agreed.

(See Appendix A)

Hon. Mr. PEARSON: I have also thought—and this is my final word on this subject—that it would be useful if we could extend the technique of examination of and consultation over plans and projects which has worked so very well in the case of the Colombo Plan through the annual meeting of the ministerial committee. If we could extend that technique to the United Nations in respect of all international assistance projects so that each year a United Nations committee of some kind—one of the existing committees under the economic and social council or a new committee—would act as a clearing house for all schemes of international economic assistance; if every country which was willing to participate in this activity and every country receiving assistance could meet and exchange views as to what was being done and why it was being done, I think this would represent a real advance. I do not mean by this that existing machinery, such as the Colombo Plan machinery which is working so well, should be scrapped, or that the United Nations should administer all international economic assistance. I, myself, believe that that would be a mistake in present circumstances. But I do think that the United Nations could be used to an extent to which it is not being used at present to coordinate plans and to act as a clearing house. I think, also, that this would be a good way of finding out what is being done by all the countries—on both sides of the Iron Curtain if you like—which are engaged in this work, and that it would give us some indication of whether there are, or are not, any ulterior or undesirable political purposes behind the activities themselves. I think that is all I would like to say on that matter, Mr. Chairman.

Mr. DIEFENBAKER: I do not want to break in, but at this moment I might suggest one question. How will the operation through the United Nations be beneficial in meeting the Soviet economic challenge in this regard when the Soviet and its satellites are members of the United Nations?

Hon. Mr. PEARSON: Mr. Chairman the question is whether this kind of procedure is beneficial to the non-communist world.

I think there might be some benefit to the non-communist world in this way: we would have a chance, if there were a United Nations examination of this kind, to see how much each country was doing, not how much each country was promising. I think that it would be of interest and importance to the receiving countries if the list of the projects and their value could be worked out by a United Nations committee and circulated as a United Nations document, not as a document coming from any one government which might make it suspect in certain countries as being tainted with national propaganda.

I think also that it would be very useful to the non-communist world to find out from the other side if they were willing to participate in the examination of what they actually are prepared to put on the table as projects for the ensuing twelve months. It would, I hope, take a good deal of the propaganda content out of some statements on their side; and, if there were such content in statements on our side, it would have the same effect. But so far as the Colombo Plan is concerned, which is the one I know most about, I do not think we can be accused of propaganda in offering assistance under that plan. I am not so sure about the other side.

The CHAIRMAN: On your behalf, gentlemen, I wish to thank the minister for the very very interesting statement he made this afternoon. If it is your wish to start with the questioning, you are free to do so.

Mr. PATTERSON: Is that the conclusion of the minister's address at this time?

The CHAIRMAN: That is what I understand from the minister.

Hon. Mr. PEARSON: I would hope so, Mr. Chairman, then if other matters are brought up, I could deal with them later. If I went on to other areas of the world now I could go on speaking for an hour or an hour and a half more and I think that would be too long.

Mr. PATTERSON: I was wondering if the minister was going to make a statement regarding the middle east situation. I am sure that is vital at the present time.

Hon. Mr. PEARSON: If the committee would like me to say something about that I can.

So far as our views are concerned on the political situation and the principles which I think should underline a peace settlement there, I have said something about that in the House of Commons; but I would be glad to say a word about that now if the committee would like me to.

Mr. DIEFENBAKER: Possibly you could reserve that until after questions are asked at the next session because it is rather difficult with the house sitting at the present time to continue while the house is sitting. Personally I would suggest after these questions are asked covering the matters with which you have dealt, that then you will give us a statement on the middle east situation.

Mr. COLDWELL: And the far eastern situation.

Hon. Mr. PEARSON: I was wondering, Mr. Chairman, if I could have some indication now from the committee of other matters which the committee might be interested in.

Mr. COLDWELL: There is the point raised which Mr. Patterson and Mr. Diefenbaker raised; and I think then the far eastern situation regarding Formosa and China, and what the situation developing in Japan means to the western world where I think they are having some important changes.

Mr. PATTERSON: Mr. Chairman, personally I would like to see the minister give his complete statement as it was suggested before, and after his statement is complete and we have time to give consideration to his statement, we would be in a better position to ask questions.

Mr. GOODE: I think, Mr. Chairman, we should realize that when we see the minister's statement in print it might be, as has been the case in so many instances, a considerable time, as we know in years gone by it has been three weeks before we have seen the minister's statement in print. Unless there is some change in that printing arrangement, it is going to be some time before we can question the minister.

I would be in agreement with Mr. Diefenbaker that we proceed with the questioning on the minister's statement now and then if the minister sees fit to make a further statement on the middle east we could listen to it.

The CHAIRMAN: Is it the desire of the committee to start asking questions with respect to this statement already made by the minister?

Mr. COLDWELL: Could Mr. Pearson tell us his experiences regarding the social and economic conditions as he saw them during his trip through the Soviet Union? I think that has some bearing on the stability of the present regime in the Soviet Union. Does he confirm, for example, what Mr. Duncan and Mr. Norman Smith said regarding the improvements and so on?

Hon. Mr. PEARSON: I could say a word about that; but, of course, I was in the Soviet Union a relatively short time and, as I have said in other places, if my observations there were useful, and I think they were, it was primarily as a means of checking against information which I had secured from other sources, for instance ambassadorial staff there who report to us regularly on conditions in the Soviet Union, and from other reports and material. The value of my observations—if they are of any use—is also related to the fact that I had the chance, not to talk to as many people as did Mr. Duncan, for instance, but to some of those who are directing Soviet policy at the present time.

Having regard to all those factors, of personal observation, of study and analysis by people who know more about the Soviet Union than I do, I would say—as I have already said—that the material conditions of life in the Soviet Union have improved and are improving; that there is no outward evidence of discontent and that kind of thing. But having said that, I should add that if there was discontent smouldering a visitor would not learn about it and he would not see it. Very often a regime which seems to be at the very height of its monolithic power and unity is on the verge of collapse. So, you have to be very hesitant about drawing conclusions from a totalitarian system of any kind. Yet, as I have said so many times since I returned, you get the impression of a very powerful people; irrespective of the nature of their government they seem to have some of the old Russian-Slav pride in their state and its accomplishments. They have somehow or other managed to harness modern educational methods, especially in the engineering and technical field, to the requirements and the demands of the state; and in that sense they are building up a very powerful society. There must be, underneath the surface, a germ of discontent, and I think in some of the areas where the people are not Russian there must be more than a little discontent. Be that as it may, they have a very powerful state mechanism and it seems to be operating with an effect which we know from the way it expresses itself in material power. The rulers of that state have enough confidence at the present time in their posi-

tion and in their power to permit of some relaxation of domestic tensions. As I said a few minutes ago, that is not proof that the Russian state is solidly based, but it is an indication that the leaders are confident in their power and in their position. One of the things—and this is borne out by Mr. Duncan's observations—which is most impressive and most frightening, is the harnessing of modern technical educational methods by this regime to the totalitarian state. There are lots of facts and figures to prove how dangerous this is to the world if we believe in the underlying aggressive concepts and tendencies of the Soviet system. We have good reason to be frightened of these tendencies from the history of the last 10 or 15 years.

Their weak point, I suppose, is that everything is based on the state and on the denial of the basic rights of the individual. If the individual in Russia is willing to conform to the dictates of the state he has rights and certain freedom, but that freedom has to be related always to the demands of the state. Every day and every hour every aspect of his life is under the control of the state. In the long run that seems to me to be a basic weakness of any political system and it may express itself eventually in Russia. The leader they must, I should think, have some feeling of fear that their own system is not yet deeply established in the hearts and minds of the people, or they would give the people more freedom even within the limits of communist doctrine than they now have. The best illustration of the weakness of communist society, not only in Russia but in the satellite states, is the fact that they will not even contemplate any such thing as free elections in any part of the communist empire. I believe we do not use that enough in our propaganda. Take Germany. It is all right for Mr. Krushchev and the others to say that they cannot agree to the unification of Germany as long as Germany remains in NATO. That is the ostensible reason for their objection; it is not the real reason. Mr. Molotov blurted out the real reason in Geneva when he said there can be no unification of Germany except on the basis of a communist united Germany. That is why they cannot accept, even in principle, free elections; because if there were free election in east Germany there would be no communist Germany.

There has only been one area in Europe which had been under communist control where the people were given a chance to express their views of such control, and of communism by elections after communist occupation. That was in the Soviet zone of Austria. You recall the result. They had nearly 10 years to work on those people in the Soviet zone of Austria, and after that length of time, in spite of the fact that they had worked as hard as they could to inject them with communist doctrines—and that they had all the media of mass propaganda at their disposal—in spite of all that when the elections took place, I think early last year, I believe that 95 per cent of the people voted against communism or maybe it was more than that. Surely we should make more of that fundamental weakness of their system. That is why they will not permit people freely to express their will in the Ukraine or in the Baltic States. In the long run that will defeat them.

MR. COLDWELL: Is there any hope that the expansion of their educational facilities will build up a widespread intellectual group who may want liberation of the Russian states?

HON. MR. PEARSON: There are indications that that in fact is taking place. There is, as I mentioned earlier, a certain Soviet intelligentsia, a privileged class in Russian communist society, and the new "classes" as opposed to the "masses" are becoming conservative and are anxious to retain the benefits they have won from the system they have steadily lost some of their revolutionary zeal. The distinction for instance, that exists between incomes is now not only accepted but enforced. If you look at the rates of pay, for

instance, in the red army, the gap between the pay of a private and the pay of a colonel is greater than in our army. We would not stand for it here. Of course, that kind of thing must have worked on the minds and hearts and ambitions and desires of the Russian people who are enjoying those benefits and want to retain them.

Mr. DIEFENBAKER: What would be the effect on those people—

Mr. STICK: Mr. Chairman, I am sorry, but are we going to have questions or what?

Mr. COLDWELL: We have been invited to ask questions by the chairman.

Mr. STICK: It was not decided by the committee.

Mr. DIEFENBAKER: What, in your opinion, will be the effect among those people behind the iron curtain who desire to throw off the yoke of their tyrants when those tyrants are welcomed as they will be in the next few days in Britain? What is the effect on the heart of the people standing alone in these countries against these tyrants when they see them welcomed as they will be, not only in so far as these two are concerned, but also as to Malenkov on his recent visit to Britain?

Hon. Mr. PEARSON: I would not find it easy to answer that question. It may well be that some of those people behind the iron curtain who are waiting for the day to throw off the yoke may be discouraged; but, it may also have the opposite effect because they may feel that their best chance of regaining freedom is in a world where tension is reduced and where there is relaxation not only in the western world but also inside Russia. If this development which we have been talking about does take place inside Russia, an easing of the situation there, it might be that the people behind the iron curtain in the satellite states who want freedom would have a better chance of getting it than in a situation of rigid cold war with all its terrors and tensions. But you can answer the question as well as I can.

Mr. DIEFENBAKER: It is a psychological alternative.

The CHAIRMAN: I think it would be fair to Mr. Stick to permit him to ask the few questions which he intended to ask earlier.

Mr. DIEFENBAKER: I thought there was some invitation, and that was why Mr. Coldwell came to ask his question, and I came to ask mine.

Mr. STICK: I have no objection, but I thought it had been decided that we were going to ask questions. I was willing to let Mr. Pearson carry on, but otherwise I prefer to proceed on a businesslike basis with whatever is decided, and to stick to it. I have three or four questions I would like to ask. In the course of your statement, the first question is this: it looks to me as if the policy has not changed in regard to world domination by the communists, but that their tactics have changed. I think that was really your statement. The second statement is: what is the position of the Red army in U.S.S.R. politics today? It is a moot question, and it is the opinion of some people that the Red army is having more influence on the political situation in Russia than it did formerly. Would you care to comment on that?

Hon. Mr. PEARSON: I cannot answer it. I can only give you my own views based largely on the views of others and on recent developments. It is, I think, pretty clear that the Red army has a stronger position in the new regime than it had under Stalin. That is shown in more than one way. It is shown, for instance, in the fact that the NVD seemed to have lost some of its power vis a vis the army. It is also seen in the fact that Marshall Zhukov who had been in seclusion, more or less, under Stalin has now become an important figure in the Soviet state and is an alternate member of the Politburo, I think this is the first occasion that any Red army Marshall has been on the

Politburo, except the political marshalls. Voroshilov and even Bulganin were marshalls. It is felt that Mr. Bulganin is in close touch with the army, and Mr. Bulganin is a very powerful man in the regime. So by and large I think the Red army is playing a bigger part in the Soviet state now than it did under Stalin. But I should add that the communist party is still the dominating influence of course.

Mr. STICK: My third question is this: what are the relations between the U.S.S.R. and China? Is there any deterioration now, or is there any sign of a split?

Hon. Mr. PEARSON: There are no obvious signs of any split that I have read or heard about. There has been some indication that the economic demands of the Peking regime on the Soviet Union are causing the Soviet authorities some trouble, and that those demands are increasing. It has also been suggested that it cannot be the ultimate objective of Soviet communist policy to see a great Chinese industrial empire challenging Moscow for the domination of the communist world quite apart from the fact that there are normal and historical reasons for division between the Russian and Chinese states. And there is the additional reason that China is becoming a primary communist state and no satellite. Eventually this may lead to difficulties between the two.

Mr. COLDWELL: Is that not a reason why we should seek to have some arrangement with the new Chinese regime, so as to drive a further wedge between communist Russia and China? That is a step about which I feel very strongly.

Hon. Mr. PEARSON: I will answer that by saying anything that can be done to develop a wedge between the two communist empires should be done, but I am not quite sure how to do it. There are various ways of attempting it. There is an old adage that can be applied at times to undesirable policies, but which may be applied also in a desirable sense, namely, "divide and rule".

Mr. CANNON: On that subject it appears to me that if you recognize communist China it would not in any way drive a wedge between that country and communist Russia.

Hon. Mr. PEARSON: I have not heard the word "recognition" but whether we could do anything with the China regime.

Mr. STICK: I have only one more question. Article 2 of NATO deals with economic union with NATO and I understand that Russia today is trying to make bi-lateral trade agreements with Great Britain and other NATO countries and that they are trying to destroy that article two by making those bi-lateral trade agreements.

Hon. Mr. PEARSON: They want to destroy NATO and all aspects of NATO, but I do not think they have that in mind especially in their trade agreements because—I may be wrong in this, although I think I am right—they had many agreements with western European countries even before NATO was established. I think that the British had a trade treaty with them, as well as other countries in Europe, for many years, I mean with the Soviet Union.

Mr. STICK: You do not agree that the economic question is more important than formerly. I wonder if in the treaty which Russia is advocating now, they are trying to make a "steal" away from this country.

Hon. Mr. PEARSON: They may have that in mind. When we talk about Article 2 and we are talking about it a good deal, economic co-operation is only one aspect of co-operation under that article. While I think that the NATO Council is a very good place to discuss economic policies and especially the political impact of economic policies, trade with iron curtain countries and things like that, I do not think that the North Atlantic Treaty Organization is

the best agency in the world for developing economic co-operation by means of special economic agreements between its members. The reason I say that is that NATO is both too large and too small to be of maximum effectiveness in that field.

I do not think it would be realistic that we should have any special trade arrangements within NATO which we would not extend to certain other countries with which we have just as close if not closer relations than with certain NATO members. So the idea that you can offer a sort of preferential trade and economic grouping inside of NATO does not seem to me to be realistic. But I think the NATO Council is a very good place to discuss especially the political side of economic policies.

Mr. DIEFENBAKER: Do you think it would be rational to believe that the day will come when there will be economic co-operation within NATO by preferences given by the nations in order to induce and to concentrate various economic factors in order to meet the Russian challenge today?

Hon. Mr. PEARSON: I cannot think myself of any arrangement of that kind inside NATO which we could accept and which would mean the exclusion of certain other countries with whom we have close economic and political relationships; but I can conceive of this kind of economic relationship within a group which might be larger than NATO.

Mr. DIEFENBAKER: How do you envision the application of Article 2 unless there could be some economic arrangement among these nations in a bond of defence through strength economically?

Hon. Mr. PEARSON: Well, we have attempted to deal with that in other ways. For instance, we discussed mutual aid in the NATO Council. Mutual aid is a form of economic policy; it is military policy and it is also a form of economic help. I also recall that at the last meeting of the NATO Council we dealt with, but only in a very summary way, new moves towards European economic integration, which began at the Messina conference, and which is expressing itself functionally in such things as the European coal and steel community; that kind of approach to European unity. It was a very proper step to discuss in the NATO Council the relationship of that trend or development to the Atlantic community. On our part, talking of Canada, we might give every kind of encouragement to this move towards European unity, but we would also be worried if it expressed itself in a high tariff restrictive European area with the exclusion of our products in a way in which they are not excluded now. That kind of economic discussion at the NATO Council is very proper under Article 2.

Mr. STICK: Thank you. I have finished.

The CHAIRMAN: Now, Mr. Decore.

Mr. DECORE: If I understood you correctly you said that Soviet opinion is increasing in Asia for the reason, among other things, of their denunciation of colonialism, when at the same time they are one of the worst oppressors of captured nations within the U.S.S.R. and the satellite states. Do you not think that the western world has not been very effective in exposing this fraud, and by not proclaiming the fact that they are the worst offenders and the worst colonialists in the world today?

Hon. Mr. PEARSON: I think that is true. We have not been nearly as effective as we should have been in exposing the colonial record of the suppression of free people by the Soviet Union. At the very time when they are going around the world posing as champions of native peoples against colonial oppression, they are the greatest colonial oppressors in modern times.

Mr. HANSELL: Do you think that the free nations have done very much to encourage the people of those enslaved colonial countries, let us say, to expect that the day will ever come when they can have free status?

Hon. Mr. PEARSON: I wish we could do more in that connection, but it is not easy to see what you can do except in the field of propaganda and in the determination to make clear that if we are to take the Soviet words at their face value—if they really want peace and the easing of tension, they should give us a real indication of their sincerity by giving the peoples that they have enslaved a chance, to become free again.

We are handicapped in this kind of contest. I am talking about the propaganda field; because when the Soviet army moves into a neighbouring state—take the Baltic states—or the Ukraine—we do not hear anything about the peoples in those countries who are still agitating for freedom and fighting for it. It is totalitarian conquest, and when they take over a state, they really take it over! When there are Asian people, however, who are under the colonial control of a European country which is leading them to freedom through a process of education, anybody in that colony who wants to get up and shout for freedom more quickly, or who wants to write to the newspapers about it, can do so. You hear about the people in that colony who are not satisfied with the progress they are making towards freedom; but you do not hear about the people in those other communist controlled countries. It is pretty difficult to overcome that disadvantage. It is part of the price we have to pay for freedom.

Mr. DECORE: Do we not have the wrong impression about the U.S.S.R.? What we mean by the U.S.S.R. in the western world is that it is Russian, whereas in fact it comprises many peoples? Do we not look upon the U.S.S.R. as being all Russian whereas in fact more than one half of the population within the U.S.S.R. are not Russian? Take the Ukraine which has a territory larger than France and a population of nearly 50 million, with distinct and different traditions and background, and with a vast list of people who have died for freedom; but that is not generally known in the western world. The western world seems to look upon that territory as part of Russia, whereas in fact they are different from the Russian people themselves. Don't you think much of that is our fault?

Hon. Mr. PEARSON: That certainly is part of the difficulty, but the difficulty is increased by the nature of the U.S.S.R. It is a communist empire and even in the Russian republic it is dominated by a communist minority. That is communist policy. So when you go into these non-Russian Soviet states, the communist party dominates them. The people you meet, if you are going on an official visit, will go out of their way to show you how happy they are at the present state of affairs because they are communists; they are not Ukrainians or Uzbeks or Latvians. You do not get to the people, but you do meet the communists who are no doubt quite happy with the present state of affairs.

Mr. DECORE: Is it not true that nationalism as it was in the past will continue to motivate affairs, and that is true in Europe and especially in the U.S.S.R.?

Hon. Mr. PEARSON: I am sure that this is true. That is the reason they have established a central power in Moscow, which attacks what they call "cosmopolitanism", which is their word for nationalism, that is why they send to these Soviet republics communists who are trained in Moscow and who are Russians. If you go to the Asian republics you will find that NVD and other people at the top are largely from Moscow and are Russians. But I have no doubt that nationalism still lives in those areas.

Mr. HANSELL: I have one more question which I would like to ask. Mr. Stick says the minister has indicated that in his belief the Soviets or the com-

munist leaders have not changed their views respecting their ultimate objective of world conquest, but that probably they have altered their views in respect to tactics. Now, what concerns me is this: so far the Soviets have been able to carry on a program of conquest through economic and political means plus revolutionary means within certain states. Now I am concerned with this: does the minister feel that the best way to meet that challenge of Soviet aggression is by a program of competitive co-existence?

Perhaps if I could explain that question the minister might be able to answer further. Does the minister take the attitude that it is possible for these two separate camps, having two separate world objectives or ideologies, to pursue their respective programs indefinitely and keep the peace for an indefinite period, say for centuries to come? Or, on the other hand, if a program of competitive co-existence is pursued and we in the West are able to meet that challenge and beat the Soviets on that competitive basis, does the minister believe the Soviets would then resort to a "hot" war?

Hon. Mr. PEARSON: I think you are just as capable of answering those questions as I am, Mr. Hansell. It all depends on the individual point of view. They are very fundamental and far reaching questions. If any of us knew the answer to them we would all have a much clearer view of the future. There is no doubt that, whether we like it or not, we have to "co-exist" with these people. That word, however does not make any particular sense to me, because, of course, we have to co-exist with all the other people who are on this planet.

Mr. HANSELL: We are both here.

Hon. Mr. PEARSON: I "co-existed" with Germans in the first war in very uncomfortable surroundings but there was nothing, or at least not very much, I could do about it. We are in the same position now. Cooperation, however, is another matter. I am not sure whether we can constructively cooperate with any communist society to the benefit of the people of this planet. We have to make an attempt at it, however, without weakening ourselves in the process or deceiving ourselves. If we believe that living together on some terms with these people is impossible then we believe in the inevitability of war. I do not believe in that inevitability because I think there are too many things which might happen inside Russia to change the situation. "Competitive co-existence" is the expression in use now. They mean by this that each side—if I can put it in terms of competition—will do its best by non-military means to make its system prevail throughout the world. The Russian communists claim to be confident that their system will prevail without resort to force because it is fundamentally better than our own and because the capitalist system will collapse because of its inherent contradictions. Mr. Krushchev told me when we were arguing about this one night: "Why should we want to go to war? We are not suicidal. We know too well what atom bombs can do, to wish to challenge the West in that kind of atomic combat. Why should we want to do that when we are going to win, anyway? All we have to do is to wait. We are making more progress than you are; we are not yet equal to you in many aspects of life, but look at the position we were in when we started, say 50 or 60 years ago—they were a somewhat primitive society then—and look at what we have done today. In another 50 years people everywhere will be glad to come into our camp because they will see what remarkable things we have achieved."

It is up to us to prove that they are wrong. The question you suggested, Mr. Hansell, was this: once they get to the point—if they ever reach it—when they know they are going to be beaten in this field of competitive co-existence will they then resort to military means to achieve their objective?

I do not know. I doubt it while there are hydrogen bombs available, able to destroy the world. They know all about that and I am not sure it is not a good thing that they have hydrogen bombs themselves—I do not want them to have many of them—but I say it may be a good thing in this sense, that having knowledge of the explosive power of the hydrogen bomb they know what it can do and they know what the Americans, who have a lot of them, can do. Therefore, even if they felt they were going to be beaten in “competitive co-existence” they might not resort to military means which would mean catastrophe. But I do not know.

Mr. PATTERSON: Mr. Chairman, much has been said about the difficulties among the Western powers, but I would just like to ask the minister if the Western nations have any definite unified policy which they are endeavouring to implement as an answer to the communist program?

Hon. Mr. PEARSON: Well, we are endeavouring to work out unified policies with regard to such matters as economic aid and foreign policy. We do try to work these things out together and that is one reason why we meet at the permanent NATO council every few days and at the ministerial council every few months. We also try to work together in other ways, but it is not very easy to match the Soviet Union in flexibility because they have the advantage of central unified control. I do not know how many men run Russia now, but I suspect it is only a handful. They hold a meeting in the Kremlin and decide, let us suppose, that they are going to change their tactics—going to do something in India or Egypt, for instance. After discussion they agree—this is, of course, only a hypothetical picture, but I suggest it may be pretty close to what actually happens—and then all they have to do is press a few buttons and all the resources of the Soviet Union and the Satellite States can be put to work to change the policy along the lines they have decided.

What happens when the coalition of the Western world wants to change a policy? There are a good many free peoples inside that coalition. The leader is the United States and the United States has to agree to a change that takes a good deal of doing, to get agreement in the United States domestically, which is understandable. Once they have agreed on something they have to consult with all the rest of us which takes even more doing at times. Thus, we cannot match the Soviet Union in flexibility but subject to the handicaps and limitations of freedom—and they are very small compared with the advantages and values of freedom—we are not really doing so badly. I think sometimes we get a little too depressed about our inability to work together. I am not sure we should not be amazed about how much we have accomplished in the last 20 or 30 years in the field of cooperation; in comparison with the period, say, 75 or 100 years ago, realizing that at that time it was almost impossible to get nation states to work together for any collective purpose. We have made remarkable progress, but we could make a lot more.

Mr. PATTERSON: Going back to the claim made by Russia to be the liberator of colonial nations, I would like to ask the minister to what extent the matter of Russia colonialism is discussed at the various conferences which are held?

Hon. Mr. PEARSON: I have been at meetings where we have talked about ways and means of trying to get that across to the peoples of Asia and Africa.

Mr. PATTERSON: Perhaps I should specify that I meant to add: “in the presence of Russian leaders”.

Hon. Mr. PEARSON: Oh, we have attached them at the United Nations on this question and there have been some strong speeches made down there, especially by some of the Asian leaders on the side of the free world. I have

heard General Romulo make blistering attacks on Russia as a colonial nation. Some of the speeches at the Bandung conferences provided other examples, where the Russians were described as being worse colonial oppressors than the British ever were.

Mr. PATTERSON: I was thinking more especially of top-level conferences such as those at Geneva where representatives of some of the main nations—

Hon. Mr. PEARSON: I do not know what they talk about at the summit. I have had arguments on this subject with Russian leaders but you don't get anywhere with them because you start a million miles apart in your premises. They just deny that they ever oppressed anybody, and assert that the only true freedom is to be found in life under a communist system and, therefore, that when a people joins a communist state, within the Soviet Union, they become free. It is no use trying to argue with them. Perhaps if one could get into contact with, say, young students, they might display a different attitude and more openness of mind. I do not know.

Mr. GOODE: Mr. Pearson in his statement made a clear distinction between the military approach and what he called the civil approach to the Western world. Some of us are concerned over matters in India at the present time and the success of the visit made by Mr. Krushchev and Mr. Bulganin to that country. Could the minister tell us how much effect that visit had on India?

Hon. Mr. PEARSON: I think it has had some effect. I have seen a number of reports by experts with regard to the effect of this visit. Some people think it was largely superficial, and that once the two Russian leaders had returned the Indian people forgot all about them. According to these reports the people love circuses and turned out for a holiday and that was that. Others take a rather more gloomy view of the effect of this visit and think it made a very considerable impression on the Indians and that it caused them to feel that the Russians were their friends, which is what Mr. Krushchev and Mr. Bulganin set out to do. Some observers think very definitely that the Russian leaders achieved that result in the minds of the people who saw them. I am not talking about the educated Indian classes, but about ordinary people who know very little about communism and very little about Russia—too little to think of communism as a dreaded enemy. They know more about the British, because the British were in that country for 100 years and more, and when they have been told that they have been freed from British colonial rule they understood what that means. It may have been benevolent rule, but anyway the British got out and the British were the colonial power. They know nothing about Russian colonial rule. When Mr. Krushchev and Mr. Bulganin went to Indian and smiled I do not think they found it hard to make a favourable impression, though how lasting it will be I do not know. I hope it will not be very lasting.

Mr. JAMES: What is the background of the upset in Ceylon, a Colombo Plan country?

Hon. Mr. PEARSON: I cannot tell you because, like a lot of people, I was rather surprised. I am always surprised by upsets in elections and this is quite an upset.

Why it happened I do not know, but it is, I think, permissible to deduce from the result that a pro-Western policy, as we call it, is not necessarily a good platform on which to succeed in a free election in an Asian country. Sir John Kotelawala was identified with the West; he was friendly, cooperative and strongly anti-communist. That did not save him, though it might not have been the reason for his defeat. There were a lot of local issues, of course, but it was a little surprising from many points of view. I do not think we should draw any extravagant conclusions from the fact that he has been

defeated and a new leader has taken over, one who is not, on his past declarations, identified with the same policy and who has indicated that he would be more interested in what is sometimes referred to as neutralism.

Mr. JAMES: He is not, I think, described as a communist at this point?

Hon. Mr. PEARSON: Oh no, and we must not draw the wrong conclusions from this election. The fact that a country such as Ceylon has changed its government does not mean, and should not be interpreted as meaning, that this is a blow at friendly relations between us and Ceylon. It should not mean that at all.

Mr. RICHARD (*Ottawa East*): My impression is that the policy of Russia is still one of encirclement of the free world by political and economic means with the promise of revolutions and small wars; they do not want a big war. That saps our energy and diverts our armies. They go down the coast of China; they move into eastern Asia and southern Asia. I have the impression that they are in Africa now. Is there evidence of any real communistic activity in Africa?

Looking forward—and this is something which interests me greatly—how far advanced are they in South America which I always fear will be their sphere of activity some years ahead?

Hon. Mr. PEARSON: Wherever there is unrest there are communists to exploit it and to take advantage of it, but there would be lots of unrest in Asia and Africa today, even if there were no communists in any part of the world, because of national ideas and aspirations for improved social conditions which would express themselves even if the communists were not around. But the communists do seem to be able to take advantage of these movements, and often they organize them. That is a real danger.

Mr. RICHARD (*Ottawa East*): Are we doing anything, for instance in South America, to try to keep these countries friendly to us and close to our ideology?

Hon. Mr. PEARSON: We are doing everything we reasonably can, I think. The United States has given large quantities of material aid to the Latin American countries and they have adopted, and tried their best to put into effect, a good neighbour policy. They certainly do not attempt to wield the big stick any longer; they have definitely and, I think, successfully, tried to carry out good neighbour policies with respect to all the Latin American states. They have done a lot of things, and I find it difficult to see what more they could do.

Mr. RICHARD (*Ottawa East*): We are not in the Pan-American Union yet?

Hon. Mr. PEARSON: No, not at the moment.

Mr. RICHARD (*Ottawa East*): Have we been invited recently?

Hon. Mr. PEARSON: We belong to a good many clubs, you know.

Mr. RICHARD (*Ottawa East*): This is an important one; it is in our hemisphere.

Hon. Mr. PEARSON: Yes, but our relations with the Latin American States are growing in importance and intimacy and we have, as you know, diplomatic contacts with nearly all of these states. I think I can say that we have given increasing emphasis to our contacts with Latin America, though we have not yet formally joined that particular club.

Mr. RICHARD (*Ottawa East*): Have we any objection to joining it?

Hon. Mr. PEARSON: I think I had better save the answer to that for my next meeting.

The CHAIRMAN: I will call on Mr. Bell and, if it is acceptable to the committee, he will be the last questioner this afternoon.

Mr. BELL: I just wanted to mention more specifically that considerable attention was given to the fact that the United States virtually gave a complete steel mill to India worth hundreds of millions of dollars.

Hon. Mr. PEARSON: The Soviet Union?

Mr. BELL: No. I understand that the United States—if my information is correct—virtually assisted outright as a grant the steel industry in some way in India, and that the Soviet Union came along a while later and sold on a long-term basis some steel bars or something of a much smaller amount, and yet in the papers down there they were given considerably more credit than were we. You mentioned the fact that the U.N. could perhaps expose the differences of such aid, but I wondered how more definitely we could make that known in India. It would seem to me they know that but do not want to admit the disparity of the gifts, and that is why we are failing to make our point clear.

Hon. Mr. PEARSON: I am not familiar with the particular example which you gave. I did not know, although it may be the case, that the United States had given a steel mill to India. They have helped finance some of the existing steel mills and they may have given other help to that industry. They have also given, of course, a great deal of assistance to India in the industrial field. It is true that the Russians did come along a little while ago and offer to build a very modern mill—the last word in a steel mill. The Indians are to pay for it, but it is also true that they have given them a low rate of interest and a long-term credit; so financially the situation is easier. Some people think that this is the best way to do things, to work out easy financial arrangements and not give things to them. But I do not think it is this which accounts for the difference in reaction—if you like—in India to help from one quarter or the other. The Russians, as I said, are very careful that there are no strings attached. If you want help from our side or from somebody else, they say, that is fine; we just want to help you and share our last crust of bread with you, as Mr. Krushchev put it. It sounds fine.

The United States and the rest of us sometimes give the impression that there is a connection between our economic assistance and the cold war. That frightens some people who think we are trying to drag them into some kind of political alignment which they do not want to follow. That is why I said we should continue to operate as we do under the Colombo plan, and divorce our aid from policy considerations. There is nothing of that in the Colombo plan. I have not heard any suspicion expressed by anyone that there is any ulterior motive in anything they are necessary in the Colombo plan. We sit around a table, and the majority of the people there represent Asian countries and are on an exact basis of equality with the rest of us. There is no feeling of difference. We talk about our plans and projects, and there is no suggestion made by anybody that if we give you this or that we hope you will be more aware of the dangers of communist aggression. We feel that if you help these people to help themselves and to raise their standard of living, that in itself is a good way of stopping communism; but we do not, and I do not think we should, tie up our assistance to promises of that kind, that they should join any anti-communist alliance, I hope we will continue in that way.

Mr. BELL: Then you would sort of say that our gifts should be more of a so-called Christian act than a gift to aid in the fight against communism?

Hon. Mr. PEARSON: It is a Christian act, but I would not like to describe it exactly in that way in Asia too often! It is mutual aid. We help each other. I think that is probably the best way to put it; that is Christianity.

Mr. GOODE: May I ask if Mr. Pearson is available for the next meeting?

Hon. Mr. PEARSON: Yes, any time.

Mr. GOODE: When will the next meeting be held?

The CHAIRMAN: Monday, if it suits the members of the committee. I might suggest Monday morning.

Mr. STICK: We will leave it to you, Mr. Chairman.

Hon. Mr. PEARSON: Either in the morning or the afternoon.

The CHAIRMAN: We will meet again on Monday at the call of the chair if it is convenient to the minister.

APPENDIX "A"

CANADA'S POST-WAR FINANCIAL ASSISTANCE ABROAD, 1945-57

(Millions of Canadian dollars)

Expenditures to Mar. 31, 1955	Estimates 1955-56	Main Estimates 1956-57	Total 1945-57
1. RECONSTRUCTION loans—			
Belgium.....	68.8		
China.....	65.0		
Czechoslovakia.....	16.7		
France.....	253.4		
Netherlands.....	123.9		
Indonesia.....	15.5		
Norway.....	23.7		
United Kingdom.....	1,185.0		
U.S.S.R.....	15.2		
	1,767.2		1,767.2
2. MILITARY RELIEF—			
Balkans, Belgium, Denmark, France, Italy, Luxembourg, Netherlands, Norway.....	105.2		105.2
3. GRANTS—			
(a) <i>To UN Agencies and Programmes</i>			
UNRRA.....	154.0		
Post-UNRRA Relief.....	12.1		
Intergovernmental Committee on Refugees.....	.2		
IRO.....	18.8		
ICEM.....	.05	.05	
UNHCR.....	.15	.13	
UNICEF.....	8.9	.5	.65
UNKRA.....	7.75		
Palestine Arab Refugees.....	4.04		.5
UNTAA.....	3.9	1.45 2.1	1.8 3.1
	209.9		215.1
(b) <i>Colombo Plan—</i>			
Capital and Technical Assistance.....	101.5 ¹	26.4	34.4
			162.3
(c) <i>Special Relief—</i>			
Greece (wheat).....	.85		
Korea (fish).....	.75		
Pakistan.....	5.00 (wheat)	.05 (floods)	
Greece (earthquake relief).....	.50		
India, Pakistan, Nepal (floods).....	.23		
Haiti (fish).....	.03		
Japan (flood relief).....	.04		
Yugoslavia (fish).....	.05		
Br. West Indies (hurricane relief)		.05	
European Flood Relief (1952)....	1.00		
India (flood relief).....		.05	.15
	8.45		8.6
(d) <i>NATO—</i>			
Mutual Aid (Transfers from Canadian stocks, new production items, NATO aircrew training, etc.) and infrastructure	1,099.9	175.0	143.0
			1,417.9
4. INTERNATIONAL ORGANIZATIONS—			
IBRD.....	70.9		
IMF.....	293.4		
IFC.....		3.6	
	364.3		367.9
Grand total.....	3,656.5	207.2	180.5
			4,044.2

¹ A deduction of \$529,296 from the money appropriated has been made to exclude appropriated funds which lapsed before March 31, 1953. Later appropriations will not lapse but will remain available until spent.

COVERING NOTE FOR TABLE OF
CANADIAN POST-WAR FINANCIAL ASSISTANCE ABROAD

The following are the full names for some of the abbreviations used on this table:

UNRRA—United Nations Relief and Rehabilitation Administration.

IRO—International Refugee Organization.

ICEM—Intergovernmental Committee for European Migration.

UNHCR—United Nations High Commissioner for Refugees.

UNICEF—United Nations Children's Fund.

UNKRA—United Nations Korean Reconstruction Agency.

UNTAA—United Nations Technical Assistance Administration.

IBRD—International Bank for Reconstruction and Development.

IMF—International Monetary Fund.

IFC—International Finance Corporation.

2. The figures given for the Canadian subscription to the IMF, IBRD and IFC are stated in Canadian dollars. The figures for the IMF and IBRD are given for March 31st, 1955, as they appeared in the public accounts of Canada. The figure for the IFC is for June 30th, 1955, as reported by the Department of Finance.

3. The figures given in the table for reconstruction loans and military relief represent the amounts actually utilized from the total which had been appropriated. No allowance has been made for subsequent repayments. On March 31, 1956, \$1,529.1 million were outstanding on account of both Reconstruction Loans and Military Relief.

4. The figures for Canadian participation in the Colombo Plan should be considered with the following points in mind:

- (a) The figures generally represent the amounts appropriated (except for the deduction mentioned in footnote No. 1 of an amount which had lapsed).
- (b) After 1953-54 the Colombo Plan contribution has been voted in such a form that it does not lapse at the end of each fiscal year but is available until spent.
- (c) From 1953-54 onwards the capital and technical assistance votes were combined although a distinction continues to be maintained by the Canadian authorities between these two forms of expenditure for administrative purposes.
- (d) The administrative costs for Canadian Colombo Plan operations both in Ottawa and abroad are generally included in the Department of External Affairs, and Department of Trade and Commerce estimates and not in the Colombo Plan vote itself.

HOUSE OF COMMONS

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

TUESDAY, APRIL 17, 1956

MAIN ESTIMATES—DEPARTMENT OF EXTERNAL AFFAIRS

Statement by The Honourable L. B. Pearson, Secretary of State
for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.

and Messrs.

Arsenault	Garland	MacInnis
Balcer	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Bell	<i>Jean</i>)	Macnaughton
Breton	Goode	McMillan
Cannon	Hansell	Montgomery
Cardin	Henry	Patterson
Coldwell	Huffman	Pearkes
Crestohl,	James	Richard (<i>Ottawa East</i>)
Decore,	Jutras	Starr
Diefenbaker	Knowles	Stick
Fleming	Lusby	Stuart (<i>Charlotte</i>)
	MacEachen	Studer—35.

(Quorum 10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 17, 1956

The Standing Committee on External Affairs met at 11.00 A.M. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Balcer, Ball, Boisvert, Breton, Coldwell, Crestohl, Decore, Diefenbaker, Gauthier (*Lac-St-Jean*), Goode, James, Knowles, Macnaughton, Montgomery, Patterson, Pearkes, Richard (*Ottawa East*), Stick, Stuart (*Charlotte*). (19)

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs, Mr. R. M. MacDonnell, Deputy Under-Secretary, Mr. A. A. Day, Special Assistant to the Secretary of State for External Affairs.

The Chairman called the meeting to order and suggested that Members of the Committee might wish to ask further questions of the Minister.

During questioning which followed, Mr. Pearson included in his remarks reference to the following topics:

1. The trial in Indonesia on a capital charge of a citizen of the Netherlands.
2. A speech by the United States Ambassador to Canada delivered at Vancouver, April 16, 1956.
3. Developments in the Middle East.
4. NATO—The effect of the request by the Government of Iceland for the withdrawal of American military forces.
5. Sulphur Springs Conference.
6. Formosa.

Questioning of Mr. Pearson continuing, the Committee adjourned at 12.45 P.M. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

APRIL 17, 1956
11 a.m.

The CHAIRMAN: Order, gentlemen. We now have a quorum and we shall start immediately. At the last meeting the minister finished his statement and we began to ask him questions. So we shall continue with our questioning of the minister this morning.

Mr. MACNAUGHTON: Mr. Chairman, I wonder if this is the time to bring up the question which I wish to put.

The CHAIRMAN: Mr. Macnaughton.

Mr. MACNAUGHTON: Mr. Chairman, and Mr. Pearson: I would like to ask the minister a question concerning the trial in Indonesia of Mr. Leon Jungschlager, a Dutchman who has been charged with assisting rebel forces in Indonesia. This has been a well-publicized and rather sensational case, and I fully appreciate that the minister may not wish to comment extensively on a matter which is within the exclusive jurisdiction of another state. I think, however, that this committee should be made aware of the nature of the case in broad outline, because it is my information that there has been a miscarriage of justice in the case of Mr. Jungschlager in that procedures at this trial leave a great deal to be desired in terms of judicial objectivity. As the London Times so aptly pointed out in a recent editorial commenting on it, "any country which lays claim to administer justice must expect its conduct of the trial of a foreign national to be open to international comment".

The bare facts of the Jungschlager case are, as I understand them, as follows: Leon Jungschlager is a citizen of the Netherlands who was an official of a Dutch shipping company in Djakarta. Along with several other Dutch nationals living in Indonesia, he was arrested by the Indonesian authorities in January 1954, on charges of having assisted the Darul Islam, a terrorist organization hostile to the Indonesian Government. It was alleged that he was himself the head of a Netherlands-sponsored guerilla organization which had the support of the British and American embassies in Djakarta, and which had as its purpose the undermining of established authority. If the charges themselves sound fantastic, the conduct of the trial has been even more so. For one thing, there are reports that torture has been used against the person of witnesses to obtain evidence against Mr. Jungschlager. I also understand that his counsel, a Dutch lawyer, was the object of so many threats and so much intimidation that he was finally forced to give up the case and leave the country. Subsequently, the Indonesian authorities refused a visa to a British lawyer who had been engaged to continue the defence. Even though it was brought out in evidence that Mr. Jungschlager was in Holland at the time he was supposed to have committed the crimes with which he is charged, the public prosecutor recently demanded the death penalty against Mr. Jungschlager. If my reports are correct—and I have no reason to doubt them—they give rise to a strong suspicion that Mr. Jungschlager's trial was conducted for the political purpose of discrediting the Dutch and their interests in Indonesia, and without regard for the elementary principles of justice. I wonder, therefore, if the minister would care to tell the committee whether he has any information on this trial and whether there is any action which he thinks the Canadian government could usefully take, perhaps in the form of representations to the Indonesian government to see that justice is done.

Hon. Mr. PEARSON: Mr. Chairman, on this particular matter our embassy in Indonesia has been keeping us informed in the course of its regular reporting, and we have been following this trial with interest. We have also been informed of the concern which is felt about it on the part of the Netherlands government.

I am sure that our Indonesian friends are aware that the matter has attracted wide international attention. So far as our information goes, however, sentence has not yet been passed on Mr. Jungschlager, and the trial has not been completed. Therefore I think the committee will agree that it would not be proper for me to comment further on a case which is still *sub judice*.

Mr. DIEFENBAKER: I would like to raise a question which was not dealt with by the minister the other day but which has to do with the speech delivered yesterday in Vancouver by the United States Ambassador. I am not going to enter into a controversy about it at the moment, but it does seem to me to be an unwarranted intrusion by the Ambassador of a very friendly and neighbourly power, and particularly does it seem to me to be an unwarranted reflection on the man who occupies the position of leader of the opposition.

I would like to ask the minister just one question in connection with it: did he have any knowledge in advance of the speech, and was any text of the speech submitted to him or to anyone in the government of Canada before its delivery?

Hon. Mr. PEARSON: Mr. Chairman, the text of the speech was not, as far as I know submitted to anyone. I am not suggesting that it is normal practice for an ambassador of any country to submit to the Department of External Affairs a copy of his speech in advance; but in this case it was not done to my knowledge.

I heard that the American Ambassador was in Vancouver and was going to speak. I did not know what subject he was going to speak on, of course, but I did send to his embassy yesterday afternoon to see if there was a copy of his speech because very often there are copies which are left behind in Ottawa when people make speeches out of Ottawa. I have a copy of that speech now but I have not read it. I have read the press comments on it, and I would not like to say anything about it until at least I have had a chance to study the text of the speech.

Mr. DIEFENBAKER: It is somewhat reminiscent of a speech made in 1911 by Champ Clark, but then it was delivered in the United States Congress, and not in Canada dealing with a diplomatic matter.

Mr. COLDWELL: I have read the reports but I have not read the text of the speech and while I am often at differences with the leader of the opposition in his policies and in his statements, it struck me when I read it—and I said this to the press this morning—that this was not only unusual but a highly improper thing for an ambassador to do. I do think that this is a matter upon which the minister should express to his government some objection to the entry of an ambassador into what is at the moment a very hot political and controversial subject in Canada. I am not defending Mr. Drew. He can do that for himself, but speaking as a member of parliament I feel that this is something which should be commented upon by the minister officially.

Hon. Mr. PEARSON: Naturally, I propose to read the speech with all the interest that its subject matter seems to warrant but I would not like to say anything more about it at this time.

Mr. DIEFENBAKER: I am not asking the minister to say any more about it at this time, but when he is looking at the speech I would like him particularly to refer to the references to the trans-Canada pipe line bill which is going to be before parliament, and in respect to which the Ambassador has

become a proponent of the bill which will be before the house. That seems to me to be a gratuitous intrusion upon the rights of parliament.

Mr. GOODE: Has Mr. Diefenbaker a copy of the speech which was made yesterday?

Mr. DIEFENBAKER: Yes, I certainly have.

Mr. GOODE: I wonder if it is proper to ask how Mr. Diefenbaker obtained a copy of that speech?

Hon. Mr. PEARSON: It is quite simple to get a copy. When I heard that a speech was going to be made by the Ambassador I asked the United States embassy if there were copies available and they sent me over one yesterday evening.

Mr. DIEFENBAKER: In order to satisfy my friend's curiosity let me say that it was delivered to me last evening by a member of the press gallery to whom there had been a distribution made.

Mr. GOODE: I did not think there was anything improper about your having it.

Mr. DIEFENBAKER: I do not want to leave any misunderstanding.

Mr. GOODE: We from Vancouver are most concerned over this speech and I hope that the minister will be in a position very soon to make a statement on it. I have seen the press reports from Vancouver and they are most concerned there.

Mr. DIEFENBAKER: Now, there is another matter, the question of the situation in the Middle East. The minister did not deal with that matter the other day and I did not want to ask any questions which in any way would cause embarrassment to him or to the Canadian government, but there has been a great deal of discussion in recent days respecting the request by the Israeli government for the delivery of super-jets. The *New York Times* contains a lengthy reference to this subject in its Sunday edition and I would like to ask the minister if there has been a request for some 20 jets, the number of the original request having been increased to some 36? Is the situation in the Middle East not very different than it was when the foreign affairs debate took place some weeks ago, in view of Colonel Nasser's very truculent attitude and threatening speeches, and in particular the combatant speech in reference to Israel. Has reconsideration been given by the government to the problem of permitting the shipment of arms into that area in view of Egypt's and the Arab world's generally increasing warlike attitude?

Hon. Mr. PEARSON: Mr. Chairman, at the last meeting of the committee I was asked by more than one member, I think, to say something today about the situation in the Middle East. Possibly I might try to deal with Mr. Diefenbaker's specific point, in the context of a more general statement that I might give, if the committee desires, at this time. I would certainly come to the point which Mr. Diefenbaker has raised.

The CHAIRMAN: Would the members of the committee agree to this suggestion?

Agreed.

Hon. Mr. PEARSON: It seems to me, Mr. Chairman, that the present ferment—that certainly is not too strong a word—in the Middle East is due to more than one factor; indeed it is due to a combination of circumstances. There is the growth of Arab nationalism; there is the development of a strong feeling in that part of the world as well as in other parts of the world of what I might call anti-colonialism. There is unrest which would exist even if the political situation were stable; that is the situation between the various states in the area. If the situation were stable there would still be unrest caused in certain

countries of the Middle East by the pressure of the population on the available resources. Take Egypt, for instance, its population has increased from under 8 million, I think, in 1885, to a population of over 22 million today, without very much in the way of increased resources to take care of the increased population, with the inevitable effect that has on the standard of living. All these factors are operating. Then there is the fourth factor and the one which is probably most in our minds at the moment; but it is only one factor, though the one which is most immediately important and dangerous. It is the unsettled dispute between Israel and the Arab states. I venture to suggest, however that even if that dispute did not exist, there might well be difficulties in that part of the world. There is, finally, the intervention of the Soviet Union in middle eastern affairs, which I believe has aggravated the situation caused by those factors which I have mentioned—because I do not believe that that intervention has been for the purpose of solving problems or removing tensions.

It is clear also now, I think, from the nature and effect of this intervention, that Soviet policies have to be taken into account in one way or another when considering the Middle East. I repeat, however, that in my own view—and I think this would be the view of the committee—the greatest danger at the moment arises out of the continuation of the Arab-Israeli dispute which prevents a restoration of stability to the area. It hinders moves toward economic and social progress and it gives opportunities to those whose interest it is to create or increase trouble.

This tension between Israel and the Arab states which is that part of the situation most in our minds at the moment, is of course continuous. It has been going on for years, ever since the foundation of the State of Israel, and it results in intermittent flare-ups of varying degrees of seriousness, any one of which might lead to conflict. As far as I am aware—the information which is available to us bears this out—there has been no indication that a decision for war has been taken by either state, but both sides have certainly deployed their forces so that there is increased danger that border incidents and clashes might deteriorate into full-scale hostilities. That is probably the greatest immediate danger.

The current trouble in the Gaza area, apparently began on April 5, with a shooting affray involving border patrols developed to include artillery exchanges, air incidents and the incursion into Israel of Egyptian irregular suicide raiders known as "Fedayeens". Unofficial and incomplete casualty reports indicate the combined losses of the two sides since these affrays began to be about 100 killed and about an equal number wounded. The Egyptians seem to have suffered a larger proportion of the casualties when the city of Gaza came under artillery fire.

Especially because of those recent incidents, one has to welcome the presence in the area at this time of the Secretary-General of the United Nations and of General Burns, who is doing such good work there. They are working hard to bring this immediate situation under control. They seem to be making some progress.

The western powers, particularly the United Kingdom, the United States and France, have indicated the general line which they consider a political solution of the Arab-Israeli problem should follow. So far, the Arab-Israeli stands on the key questions—and I think they are the key questions—of borders and refugees, have been diametrically opposed. The Arabs have publicly insisted on repatriation of the refugees and on land concessions by Israel which would in effect, reduce that state to the borders envisaged in the United Nations resolution of 1947. It will be recalled that when these resolutions were passed, and when an attempt was made to put them into effect, the Arab states went to war rather than accept them. Therefore, it may be considered a little unrealistic now that they should insist on them as the basis of any peace settlement.

Israel has declared that repatriation of refugees to their former homes in Palestine is impossible for security and economic reasons, though they would, I think, be willing to take a token number back. They have also said in Tel Aviv that territorial concessions are out of the question. It is evident, therefore, that the two positions are pretty far apart and that a settlement can be achieved only if both sides are willing to make some compromises in respect of the position which they have taken up publicly. To what extent they may be willing to do this is not yet ascertainable, though efforts are being made in diplomatic channels to find out.

The problem, then, is to bring about conditions which would be most conducive to a settlement by negotiation. As I have said already, in the present state of crisis and tension, Israeli fears and suspicions have been increased by the communists' arming of the Arabs and also—this seems to be the most fundamental point of all—there has been no indication, as far as I know, that the Arab states are willing to negotiate at all on the basis of admitting the existence of any state of Israel—and surely that is basic to the whole question.

I must say that unless the Arab states are willing to accept that basic fact, of the existence of a state of Israel, I do not see how this conflict can be resolved by any political settlement.

Now, while the search for a political settlement goes on, efforts are being made to offset the danger of the renewal of war by steps which will remove or lessen the possibility of incidents on the border. For that purpose, the United Nations Security Council, as the committee knows, on April 4 unanimously adopted the resolution requesting the Secretary-General to undertake as a matter of urgent concern a survey of the various aspects of the enforcement and of compliance with the four general armistice agreements on Palestine and other Security Council resolutions on this subject. The Security Council also requested the Secretary-General to report to the council at his discretion within a month, in order to assist the council in considering what further action may be required. That gives him fairly wide terms of reference. The resolution called upon the Secretary-General to arrange with the parties to the armistice agreements for the adoption of any measures which he considers would reduce existing tensions along the demarcation lines. It envisages such measures as the withdrawal of forces from those lines and a freer movement of United Nations observers. The Secretary-General is at the moment, as you know, negotiating with both sides on this matter and our information is that he is making some progress. However, the idea of an international force for Palestine—which a few weeks ago got a good deal of attention—does not appear now to be regarded on either side, or by others most concerned, as practicable.

It has been brought to our attention by the government of Israel that the balance of military strength in the area is swinging against Israel because of the arming of Egypt and to a lesser extent certain other Arab countries, by the Soviet Union and its satellite states. It has been urged that this growing imbalance—which I do not think has yet been achieved to the disadvantage of Israel, though the trend is certainly in that direction; there is no doubt about that—is itself a danger as long as the other side to this dispute will not accept the basic requirement of a political settlement. Therefore, the government has been requested to make available—Mr. Diefenbaker mentioned this point—some F-86 jet interceptors. Other governments also have been asked to assist Israel in correcting this imbalance by making available defence supplies. There has been no change in the original Israeli request. It has not been raised from 20 to 36.

MR. DIEFENBAKER: Has there been any increase requested in recent days?

HON. MR. PEARSON: No.

Mr. DIEFENBAKER: There is one other question. Has the American government in any way given an indication that it is opposed to any assistance being given of this nature by Canada?

Hon. Mr. PEARSON: When this request was made, following our usual custom in these matters, we exchanged views with the governments of the United Kingdom, the United States and France. It is obviously desirable to do that, because what those other governments—and, indeed, governments additional to those three—are doing in respect of exporting defence equipment to that area has a bearing on the decision made by any single government and certainly it would have a bearing on any decision we would make. While the responsibility of course must rest on the government concerned—in this case, the Canadian government—it is helpful and it is wise and it is part of an understanding we have with those governments, to exchange views whenever we get a request for defence equipment for this and other sensitive areas. This matter was taken up in that way with the United States government and they made it quite clear to us that they would have no objection if this order were accepted.

Mr. COLDWELL: Is that in line with their own policy?

Hon. Mr. PEARSON: Mr. Dulles has said once or twice recently that it is not their policy to exclude arms shipments to Israel. He has not got any further than that recently. As you know, because you are familiar with it, the declaration of 1950, the Tri-Partite Declaration which has been recently reaffirmed by the three governments concerned, while expressing opposition to an armed race between Israel and the Arab states, does support the policy of controlled armed shipments. Mr. Dulles' most recent statement was that the policy of the United States government was not to exclude arms to Israel. While I know there have not been any shipments of arms in recent weeks from the United States to Israel, there have been some requests made to the United States which I understand are under consideration.

Mr. GOODE: Could you tell us the views of the United Kingdom and France on this matter?

Hon. Mr. PEARSON: Yes. The United Kingdom and France raise no objection—I should put it that way—they raised no objection to the supply of F-86 interceptors to Israel. Of course, we welcome their views, positive or negative, but the responsibility is on the government here for the decision. The French government would certainly take that position because they have only recently sent some Mystere jet interceptors to Israel—12, I think.

Mr. COLDWELL: Is there any indication from the three parties to the Tri-Partite Agreement, if war should break out, what they would do to protect the state of Israel which they helped to organize?

Hon. Mr. PEARSON: The United Kingdom and the United States have recently, I think, said what they would do. I think they have reiterated that they would take action in accordance with the Tri-Partite declaration if an aggression were committed there. You will recall that the President of the United States said the other day that the United States would take appropriate action within its constitutional processes against any aggressive move in that area, against aggression in that area.

Mr. COLDWELL: That means, with Congressional approval.

Mr. STICK: He stated he would have Congressional approval.

Mr. COLDWELL: Which means delay in a crucial point.

Hon. Mr. PEARSON: Constitutional processes often mean some delay.

Mr. DIEFENBAKER: Would you be prepared to comment on the statement made by the President or his secretary, to the effect that the United States

intended to rely very strongly on the United Nations bringing about a settlement? Is it not a fact that the United Nations would be practically emasculated from acting in order to prevent aggression, by the veto?

Hon. Mr. PEARSON: I think the United Nations aspect of this situation can be looked at from two points of view. First, there is the possibility of United Nations action in case of aggression. Secondly, there is the question as to what the United Nations can do to bring about a political settlement. In so far as the first aspect of United Nations intervention is concerned, Security Council action to intervene against the aggressor could—as you know—be vetoed by any permanent member of the Council. That would make it ineffective, to say the least. The only reason why the Security Council was able to take quick action in Korea was the accidental absence of the Soviet Union from the meeting.

Through a resolution passed by the Assembly, an effort was made to facilitate United Nations action through the Assembly, if the Security Council action were frustrated by the veto. A resolution of that kind in the Assembly can be put into effect speedily, but maybe not speedily enough to save a country from attack if such an attack were launched by bombing planes 10 or 15 minutes away from the capital of the country. More important, there is the question of United Nations action to bring about a political settlement, which is the best protection for a state in the long run, if you are ever given a long run.

Mr. DIEFENBAKER: Did not that announcement represent a retrogressive attitude from the responsibility assumed by the United States under the Tri-Partite Agreement of 1950.

Hon. Mr. PEARSON: I am not aware that anything the United States administration has said in regard to United Nations' action has conflicted with anything they have said they will do under the Tri-Partite Agreement—so I really just cannot answer that question. I would hope that the United Nations now will actively intervene—as indeed it has begun to do—in this situation to bring about a political settlement and will agree on the principles which should underly such a settlement. Mr. Dulles indicated what in his view might be done under these headings, in his speech last July. If agreement can be reached in the Security Council—and this is quite a big “if”—then I think that, if the two sides can be persuaded to sit down and talk about a political settlement there would be a basis on which to operate, namely, the agreed United Nations principles which would underly that settlement. However, if one side refuses even to talk about a peace settlement then of course you have a different situation. It seems to me that some consideration should be given to that party to the dispute which is willing to discuss and negotiate a peace settlement. It should be given some kind of protection if it is willing to do that and the other side is not.

Mr. DIEFENBAKER: Would you consider it proper that any such discussions should have the U.S.S.R. as one of the main parties to it?

Hon. Mr. PEARSON: Yes, I do. They take part in the discussions in the Security Council now; and, in any plans or proposals which are being worked out, U.S.S.R. views should, I think be brought in from the beginning.

Mr. DIEFENBAKER: I do not think I made myself clear. There is some suggestion made that four powers should gather together and discuss this situation—Britain, France, the United States and the U.S.S.R. Do you think the U.S.S.R. should have representation in such a conference?

Hon. Mr. PEARSON: I think that if there is preliminary discussion between certain members of the Security Council before any action is proposed in the Security Council, that discussion might well include the Soviet Union, as well

as the United Kingdom, the United States and France. I am not suggesting that the inclusion of the Soviet Union will make agreement easier; but the Soviet Union is very much concerned with the matter. It would not be a question of inviting the Soviet Union to take part in discussions in an area of the world in which she had no interest. Unfortunately, the Soviet Union has a very great interest in the Middle East. The question now is not the risk of Soviet intervention in the Middle East: the question today is what to do in a situation where Soviet intervention already exists.

Mr. GOODE: Would such a conference be effective if the Soviet Union is included?

Hon. Mr. PEARSON: It could be effective from the point of view of the United Nations Security Council. It is good to find out in advance whether the Soviet Union will join in proposals for a peace settlement to be brought about through United Nations action.

Mr. COLDWELL: Is there any possibility of a political settlement so long as the Arab states refuse to recognize the existence of the State of Israel? Is there any indication that they have receded from that position which they have taken up right along?

Hon. Mr. PEARSON: I cannot accept the irrevocability of the Arab position; that no State of Israel can be accepted in any circumstances.

Mr. COLDWELL: None of us can.

Hon. Mr. PEARSON: They have given no indication as yet that they are willing to accept any state of Israel at all, but if you proceed on the assumption that that is an irrevocable and final stand then of course there can be no settlement, no agreed settlement.

Mr. COLDWELL: I wonder if there has been any indication at all recently that they have been receding. Apparently there has not been.

Mr. MACNAUGHTON: Would you not say that the western attitude has stiffened quite recently, in the last few weeks? For example, the apparent British policy of conceding the zone and getting out of the Suez Canal and all the rest of that, and their reversal and revolution against radio broadcasts from Cairo, their taking up of a stiffer stand in the United States and replying to Nasser, has already produced a certain small increase in prestige for the British. The shipping of planes from France would seem to indicate that the western stand has stiffened considerably and already the situation would appear to be slightly better, to be improving as a result of the stiffening of the western attitude.

Hon. Mr. PEARSON: I do not think I can very usefully comment on changes or developments of policy in other countries on this matter. There is the point of view, that if a government is in a position to bring any influence to bear on one side or the other with a view to making that side more conciliatory and more favourable to negotiation, it has to be careful not to take up a position finally and definitely on either side of the dispute.

Mr. MACNAUGHTON: I appreciate that stand, but I still cannot forget a certain fact. In the last war 25,000 people of Jewish origin took part in the allied armies, whereas there was not one of Arab Egyptian origin.

Hon. Mr. PEARSON: That would be somewhat of an exaggeration, that there was not one soldier of Arab origin. I think there were some pretty good soldiers in North Africa in the French army.

Mr. STICK: I am at a loss to understand the Arab position. You said that officially they do not recognize Israel at all. I think the mere fact that they have received the Secretary General of the United Nations in Cairo to discuss the Israel question and the raising of it and their participating in discussions in the United Nations—is not that fact a recognition of the State of Israel.

Hon. Mr. PEARSON: That is right. That is *de facto* as opposed to the *de jure* recognition—a distinction which we have often talked about and thought about in other connections. The armistice commission, on which there are both Israel and Arab representatives, does indicate a *de facto* recognition of the existence of the state, but the Arab states do not recognize *de jure* a state of Israel and do not consider themselves *de jure* at peace with the state of Israel.

Mr. DIEFENBAKER: They do not admit any diplomatic relations. They do not admit people from Israel into Arab countries.

Hon. Mr. PEARSON: No, no, there is no recognition of that kind.

Mr. STICK: My point is that the fact of their receiving the secretary general of the United Nations and participating in the debates on Israel in the United Nations—would that not be a basis of recognition or of negotiation, a base to begin on to try and iron out the difficulties? I can understand the official position of the Arabs, that when it suits them they will not recognize Israel at all, but the fact that they are prepared to sit around the table and discuss a situation should be a basis of trying to bring about peace in that area. Has that point been brought home to the Arabs?

Hon. Mr. PEARSON: Yes, many times. There is the desirability of accepting the state of Israel as a state which has to be negotiated with in respect of a peace settlement, the conversion of the armistice into a peace settlement, a peace settlement which would deal with permanent boundaries and economic matters. Economic co-operation would be of great advantage to all the states in the area, and they need all the economic co-operation they can get. There is also the working out of such things as the Jordan river improvement scheme, which would be of great benefit to the states there. There is the refugee problem also—there are 900,000 refugees. All these things have to be worked out by negotiation some time. I believe that if some satisfactory basis can not be found voluntarily, it may have to be imposed through the United Nations.

Mr. STICK: I know the East fairly well and I understand the Moslem attitude. Would you say that the difficulty amongst the Arab states is that the governments do not rule, that it is the mob which rules? It has been amply demonstrated in the past that there are governments there which have placed themselves in such a position that it would be very difficult for them to alter the stand they have taken in regard to the recognition of Israel, because they would have to deal with the mobs. It has been demonstrated in Cairo time and time again that when the mobs run amok the government has to sit up and take notice. When we are dealing with Egypt and other states, although we are dealing with an official government, the situation there, as far as the populace is concerned, is so inflammable that the leaders of those countries are in a very difficult position.

Hon. Mr. PEARSON: There are extremist popular movements in all those Middle Eastern countries, of course, but the basic difficulty from the Arab point of view stems from what they consider to be the gross injustice to the Arab people caused by the United Nations setting up a State of Israel at all.

Mr. COLDWELL: The armistice is never complete as far as the demarkation boundaries are concerned as long as Egypt insists on preventing the passage of Israeli ships through the Suez Canal. For instance, it is a state in which they still regard themselves as more or less at war.

Hon. Mr. PEARSON: Yes, in some respects they regard themselves as more or less in a state of war. That is the only way in which they can justify and do justify interfering with Israeli shipping going through the Suez Canal.

Mr. COLDWELL: It seems to me strange that the United Nations has not taken a stronger stand in regard to that international waterway.

Hon. Mr. PEARSON: You will notice in the press this morning that it has been referred again by the Israeli government to the United Nations.

Mr. DIEFENBAKER: Adverting again to the first question I asked, I do not know whether I heard the answer clearly. When was it that Israel indicated it would like to purchase these 20 aircraft? How long ago was it?

Hon. Mr. PEARSON: I have not the date in my mind, but it was some time last week.

Mr. DIEFENBAKER: It was as recent as last week?

Hon. Mr. PEARSON: I will get the exact date. It was early last week. I do not want to mislead you and my memory may be wrong. It was either last week or the week before.

Mr. DIEFENBAKER: It was within the last two weeks?

Hon. Mr. PEARSON: Yes.

Mr. DIEFENBAKER: And the number asked for was just 20?

Hon. Mr. PEARSON: No, the number was not 20. I am in some difficulty. I do not know whether, without indicating to the Israeli ambassador, I should give the number. The publicity may have some bearing on their plans. It was not the figure of 36. It was between 20 and 36.

Mr. DIEFENBAKER: In addition to that, did they ask for other munitions?

Hon. Mr. PEARSON: No, that was the only request. There are two other requests which are before the government, for defence supplies, which have not been dealt with and I have not given details about those. They are not very substantial requests but we have been asked not to give the details. The Israeli government is not unique in this request that we should not give the details. If the State concerned does not get the supplies from us, they may want them from elsewhere. From the point of view of military intelligence, if it should get out exactly what they are asking from all governments it would give an indication of their strength or weakness. So I have not mentioned these other requests in detail but they are not very substantial and they are not aircraft.

Mr. DIEFENBAKER: In addition to that, does the United States Department of State take a stand averse to the shipment of aircraft to Israel?

Hon. Mr. PEARSON: From Canada?

Mr. DIEFENBAKER: Yes.

Hon. Mr. PEARSON: No, they do not. I think I said before that there would be no objection on their part. We asked their advice and they gave it. They said they had no objection.

Mr. DIEFENBAKER: Was there advice against it, or do you care to say that?

Hon. Mr. PEARSON: When they say there is no objection on their part if we fill this order, that would not be negative advice.

Mr. COLDWELL: Did not Mr. Dulles say on one occasion that he would be happy to see Israel with arms?

Hon. Mr. PEARSON: I do not think he used that phrase.

Mr. COLDWELL: It seems such an odd position to take "that other people can arm Israel and we are not going to object to it."

Hon. Mr. PEARSON: At a press conference some two weeks ago, Mr. Dulles made a reference to that, but I do not think the word was "happy".

Mr. COLDWELL: No, but that was the impression he gave.

Mr. STICK: The United States did not object to France giving arms to Israel?

Hon. Mr. PEARSON: No.

Mr. STICK: That should be good enough.

Hon. Mr. PEARSON: The United States position in this matter seems to relate to the fact that certain countries have been normally traditional suppliers of defence equipment to the Middle East. That of course would not include Canada but it might be taken to include France and the United Kingdom. The United States may also have in mind—and I am not here to explain United States policy—that their ability to exercise a conciliatory and mediatory influence would be prejudiced if they accepted at this moment a large order for Israel.

Mr. COLDWELL: Oil may have some bearing on the matter.

Mr. STICK: Very inflammable material.

Mr. GOODE: It was said in the house yesterday that the matter of Israel was being given consideration.

Hon. Mr. PEARSON: Yes, the matter is before the government for consideration.

Mr. CRESTOHL: Did they have objection until recently to shipping arms to Israel?

Hon. Mr. PEARSON: It is a little difficult for me to go back and make public the exchanges of a confidential kind we have had between governments in respect of a matter of this importance. We have asked their views. They are not under any obligation to give us their views and certainly we have to accept responsibility for the decisions we make. I would hesitate to say what the view of any particular government was in respect of a matter of this kind a month ago, three months ago, or a year ago. I have not that hesitation in regard to this particular request, because the United States administration itself, through Mr. Dulles, has said publicly what I am saying now and therefore it is possible for me to talk about it.

Mr. CRESTOHL: I did not intend to press any confidential disclosure. I wanted to make a comparison, as to whether there has been a change in the attitude recently.

Hon. Mr. PEARSON: If you study the official statements in London and Washington in the last two or three months, you will be able to detect any trend—and we would be glad to make those statements available to you.

Mr. CRESTOHL: Would you think that the trend—if there has been one of change and I am inclined to think from your statement that there has been—results from the possibility that there is greater imminence of danger, having in mind what Mr. Stick has said, that it is not the government there which rules but the mob?

Hon. Mr. PEARSON: I would hesitate to express an opinion on that. I am not trying to be coy with the committee, but my difficulty is that this particular subject is before the government now in relation to a request for defence equipment for Israel and I would not like to say anything in public which would prejudice the consideration which the government is giving this matter at this particular time.

Mr. CRESTOHL: Therefore, may I ask that all the questions that I have asked be struck out?

Hon. Mr. PEARSON: I am not suggesting that any question on your part could cause trouble. Some answers on my part might.

Mr. DIEFENBAKER: I wish to turn one other matter. The minister dealt with the question of NATO. Would he give some indication as to whether or not, in consequence of the recent action of the Icelandic parliament in asking the United States troops to withdraw from Iceland, in recommending that the United States troops should withdraw, if such action were followed, it would

not have a very detrimental effect on the whole picture of a united defence in NATO? Secondly, when did the minister first become aware of the fact that the man upon whom, in my opinion, NATO relies above all others and whose work must bear and will bear the approval of history, General Gruenther, was about to resign? When did the minister first learn that General Gruenther was going to resign and what were the reasons for that resignation?

Mr. GOODE: I have only one objection to that. We started out with the idea we would take these things in sequence. I expected that this morning we would discuss Mr. Pearson's remark regarding the Soviet Union but he was committed to discuss Southeast Asia. Now we are going away from the Middle East, on which I am sure some other members of the committee have questions, as I certainly have, and we are going to Iceland. Are we not putting Mr. Pearson in the position where he cannot complete his answers? He has not said he has completed his remarks about the Middle East, but we interrupted him.

Hon. Mr. PEARSON: I have no more to say about the Middle East, unless there are other questions.

Mr. GOODE: I have one question. There have been suggestions that the United Nations might occupy the Gaza Strip. Just what regulations would have to be observed and what conversations would have to be held before that could be done, if it is going to be done?

Hon. Mr. PEARSON: There would have to be agreement with the government of Egypt which, under the Armistice Agreements, now occupies the Gaza Strip. There are hundreds of thousands of refugees—200,000 or 300,000 of the 900,000—there, so it would not be practicable for the United Nations to take over that area, with all its problems, unless first the existing occupying authority agreed and secondly unless the United Nations realized they would be taking over a lot of refugees as well as a Strip.

Mr. GOODE: Would this decision be made in the Security Council?

Hon. Mr. PEARSON: It could be, as the question is now before the Security Council I am sure it could be considered there. It could also be considered in the Assembly.

Mr. GOODE: It would then be subject to veto by any of the great powers?

Hon. Mr. PEARSON: Not in the Assembly.

Mr. GOODE: I said in the Security Council.

Hon. Mr. PEARSON: If there were some proposals to occupy the Gaza Strip, that would be a vetoable proposition and any of the five permanent members could exercise the veto.

Mr. GOODE: Would it be your opinion that in present circumstances the U.S.S.R. might exercise a veto in that connection?

Hon. Mr. PEARSON: I have no idea. I think it would depend a great deal on the attitude of the Arab states to a proposal of this kind, especially Egypt. I certainly do not think the U.S.S.R. would veto a proposal if it were acceptable to the Egyptians.

Mr. GOODE: Is it a genuine question of help between the U.S.S.R. and the Arab states, or is it a matter of using supply bases for munitions?

Hon. Mr. PEARSON: I think I had better let the Arab people decide on the genuineness of the moves on the part of the Soviet Union to help them. They will recall, no doubt, that many years ago the Soviet Union was following a policy diametrically opposed to them, at least opposite to that which it is following today. I think they are wise enough to realize that, in the supply of arms by the Soviet Union and its satellites and any other help which the Soviet Union might offer diplomatically or economically to the Arab states,

there are certain conditions which the Soviet government will undoubtedly in its own mind attach to those offers of help. I do not think it is single-minded generosity on the part of the Soviet Union.

Mr. STICK: Or friendship either.

Hon. Mr. PEARSON: Or friendship.

Mr. PATTERSON: I wonder if the minister would care to give any comment regarding whether the present situation is an indication of pro-communist leanings on the part of the Arab countries in the Middle East or is more an indication of nationalism or anti-colonialism?

Hon. Mr. PEARSON: I can say without any hesitation that it is not the result of any pro-communist leanings on the part of the Arab people. Moslem peoples are not inclined toward communism. If you examine the attitude of the Egyptian government in the last ten years to the communist party in Egypt, you would realize that they are intensely anti-communist—or have been. I think nationalism has something to do with this acceptance of assistance. But surely the fundamental reason for it is their determination to get strong and to accept help from any quarter, because of their hostility to the State of Israel. It has been put to me—it was put to me when I was in Egypt, and I am merely repeating this point of view—that Egypt was entitled to put itself in a state of effective defence against Israel aggression, which they claimed was an imminent threat to them. They claimed also that the conflict between Israel and Egypt some years ago was a tragic demonstration of the weakness militarily of Egypt and that they were not going to be caught in that position again. Fearing aggression from Israel—this is the Egyptian point of view—and unable to get sufficient military assistance from western powers, they are quite prepared to get it wherever they can. The fact that they are getting it from the communist states does not mean—again I am repeating their case—that they have any intention of becoming communist or allying themselves politically with the communist powers. In other words, they are just getting military help wherever they can get it.

Mr. DECORE: Is not there any danger that pro-communist influences might develop, now that they have support and sympathy?

Hon. Mr. PEARSON: There is no doubt in the world that the feeling in those countries is becoming more favourable towards communist powers than it was, not merely because they are getting communist help, not merely because they are getting political support at the United Nations and elsewhere, but also because they are getting economic support. The U.S.S.R. are taking the surplus cotton from Egypt at a time when American surplus cotton is competing with Egyptian cotton in the markets of the world.

The Soviet Union and Communist China moved in and said they would take surplus cotton at a good price. All this is bound to have an effect on public opinion and incline it towards the country helping them in that way. However, the government claim that this is not going to determine their policy in the future.

Mr. MACNAUGHTON: Have we any information as to the number of engineers or Russian technical experts flying into Middle Eastern countries, into Egypt and oil producing countries?

Hon. Mr. PEARSON: There is some information on that point but I do not think I ought to try to give details of it here, as I am not myself satisfied how much of it is valid and how much is based on unconfirmed reports. There are technicians from communist countries moving into that part of the world, among other things to train them in the use of new arms. The report which appeared in the press a few weeks about a training school for military officers which was established in what was once Gdynia, I do not know what it is called now, in the Baltic, shows that these reports are more or less accurate.

Mr. BELL: How about pilots in that connection?

Hon. Mr. PEARSON: I have seen nothing to indicate that there are Soviet or other communist pilots in Egypt except for training purposes. There are lots of stories about what is going on in this connection but I am not quite sure how much is fiction and how much is fact.

Mr. COLDWELL: Have you any idea if any technicians are giving assistance in the irrigation?

Hon. Mr. PEARSON: I do not know.

Mr. COLDWELL: There are some stories to that effect.

Hon. Mr. PEARSON: We might see if there is any information on that, which we will be willing to make public. Once I make it public, it gives it, I suppose, some official status. We might however have some information which has been verified.

Mr. PATTERSON: I have one or two questions regarding the refugee problem.

Hon. Mr. PEARSON: Some of these questions could be answered better if there were a little more time to get the information. If members of the committee would give the questions now, we will then get the information.

Mr. PATTERSON: I would like to ask, following on what the minister said about Israel's possible willingness to accept a token number of refugees, if he has any information as to how many they would be willing to accept in order to effect a settlement. The minister stated also that one of the key problems was that of refugees. Has the government considered, or will it consider, the advisability of making further contributions to the refugee fund conditional upon their disbursement for the purpose of rehabilitation rather than for the maintenance of those people in the refugee camp?

Hon. Mr. PEARSON: Those are two very good questions. I will have to get the facts on both of them. It is a very important matter whether we should make any contribution of that kind conditional. We have been thinking of ways and means of bringing some kind of friendly pressure at least on the governments most concerned, to liquidate this refugee problem, which is growing in extent all the time. There are more refugees now than there were when hostilities ended. I think it would be of some use to the Committee if I had a statement prepared on the refugee problem and what we think might be done about it.

Mr. MONTGOMERY: I wonder if Egypt has enough land to settle those problems?

Hon. Mr. PEARSON: No. There is no country in the world which has less suitable land for its population than Egypt. The population is now 22 million. They have lots of land, but it is mostly desert. The cultivable land in Egypt is not nearly enough for the people and thus the standard of living has been going down steadily for the last 40 or 50 years. That is why it is vitally important to Egypt to get this high dam built on the hill which will irrigate many hundreds of thousands of acres and give them a better chance. There are other Arab lands which could take some of the refugees if they wished to do so.

Mr. DECORE: Mr Diefenbaker has raised two questions concerning NATO and I would like to make one observation, with all due respect to the question he raised. It seems to me the one dealing with General Grunther might be embarrassing not only to the minister but also to the government, as to when it was first known that the general had decided to resign. Then there is the other question leading from that, as to why he resigned. This is now becoming a political issue in the United States. With all due respect to Mr. Diefenbaker, I think it is a very embarrassing question both to the minister and the government.

Mr. DIEFENBAKER: I certainly would not wish to bring up any question which would be an embarrassing political issue in the United States or embarrass the United States ambassador in Canada in his activities. I was not even thinking of the possibility of that, as I certainly did not want to emulate him.

Hon. Mr. PEARSON: It would have been embarrassing if I had known in advance, but I did not know and therefore it is not embarrassing. As to the reason, General Gruenther himself gave the reason and said it was for personal reasons and no one could elicit any more than that.

Mr. DECORE: There has been a lot of speculation.

Hon. Mr. PEARSON: I cannot say anything about speculation.

Mr. DIEFENBAKER: In regard to Iceland and the attitude of the Canadian government, after all we have in Canada many thousands of people of Icelandic origin, they are the finest citizens and I think representations made by Canada, having regard to the great contribution which the Icelandic people have made to Canada, would be beneficial.

Hon. Mr. PEARSON: I would like to make a short statement on that, maybe at the next meeting. We have been thinking of this matter and our ambassador in Norway, who is also accredited to Iceland, was asked, since this development occurred, to go over to Iceland for two or three weeks and find out the feeling there. I think there may be a report in from him which would help me to make a short statement on this at the next meeting.

Mr. KNOWLES: There is another question in another field. I wonder if the minister could make a further statement to the committee on the visit which he and the Hon. Prime Minister made to White Sulphur Springs, particularly in the light of a rather strange comment on that meeting which appeared in the April 9 issue of the "New Republic". I do not know whether the minister saw it or not. I have it in front of me and will read two or three sentences, written by this reporter whose initials are T. R. B. It says:

We have talked to several reporters back from the Eisenhower-Canadian-Mexican conference at White Sulphur Springs. Their eyes are still popping. The chief executives from Ottawa and Mexico City couldn't seem to figure out what it was all about. Neither could the reporters. Eisenhower knew; he had come to play golf with professional Sammy Snead. The reporters couldn't kick—there was a free bar open all the time—but why, after all were they there? Mexicans were happy; they were upgraded. Canadians were miffed; they were down-graded. Otherwise the two had little in common. There was no agenda. At the wind-up Eisenhower scheduled two-hour individual conferences with each guest; these were cut down to 20 minutes when it turned out they had nothing to say. Ike got out on the links again.

Mr. DECORE: Who is T. R. B?

Hon. Mr. PEARSON: He is the Washington correspondent of the "New Republic". I may say that there are many details in that paragraph which has been read out which are not either fair to our hosts or accurate. For instance, the idea that a two-hour conference was cut down so that the President could play golf—there is nothing which could justify that statement.

Mr. KNOWLES: What was the length of this interview at the end?

Hon. Mr. PEARSON: About an hour and a half, I should think. The President and the Prime Minister and Mr. Dulles and I were there. We had ample opportunity to exchange views on anything which might occur to us. That, after all, followed a meeting in which the three governments exchanged views in the morning for two or three hours. I do not know whether one should

dignify comment of this kind by trying to answer it, but it is surely obvious that no Canadian would feel down-graded because we attended a meeting with our Mexican friends. I am sure that the Prime Minister did not feel down-graded in any way, shape or form. As a matter of fact, as he said in his statement, it was a very agreeable and helpful experience to have met the President and the Foreign minister of Mexico and with them to have had a general talk and discussion on many things with the United States.

Mr. COLDWELL: This brings up the question I asked also with regard to the information on China and Asia, that was discussed at this conference, as I understand from the press.

Hon. Mr. PEARSON: Yes, it came up. Mr. Dulles spoke of it at our morning meeting, when the three groups were there. These meetings were very informal. We did not even sit around a table: we were in a room sitting informally in chairs. The morning meeting was devoted largely to a report of Mr. Dulles on his recent visit to Asia where, as you know, he touched at a good many countries. He spoke for about 45 minutes or an hour and we interrupted, asking questions. In that report he mentioned his visit to Formosa and at that time he was asked some questions about their attitude towards Formosa and Peking.

That initiated an exchange of views on that subject. As has been stated already, there was no dispute—that was suggested in one newspaper report in the United States—or anything approaching ill feeling between the Canadian and United States representatives when we discussed this matter. Not at all. There was a very friendly exchange of views in which there was no reference to any change of Canadian policy. The United States, through the President and the Secretary of State, made its position quite clear. We have heard it before, but it was reaffirmed. We have heard their attitude towards recognition of Peking and toward the off-shore islands. There was a reference on our side to the growing embarrassment—this is quite true and has been accurately mentioned in the press—to a growing difficulty, as we saw it, at the United Nations. We were not talking about the recognition of Peking, so much as the growing embarrassment at the United Nations of a good many countries which had recognized Peking, at the continued representation of China there by the representative of Chiang Kai-shek. The events of last autumn showed that this difficulty was increasing. That was said and that was all.

Mr. COLDWELL: Did the Canadian delegation share the embarrassment?

Hon. Mr. PEARSON: We have not recognized the communist government of Peking. We recognize the Chiang Kai-shek representative as the representative of China at the United Nations. You had better ask Mr. Martin if he felt embarrassed.

Mr. KNOWLES: You were glad to be away at the time.

Mr. COLDWELL: I asked a question last week about the situation in and around Formosa.

Hon. Mr. PEARSON: You did. I have a few notes on that. I hope I have dealt sufficiently with the question of "down-grading".

Mr. KNOWLES: I do not wish to interrupt your continuance on Formosa. I wish to know at some time you might give a more complete report on what went on at White Sulphur Springs. I suggest that you proceed with the statement on Formosa.

Hon. Mr. PEARSON: During the past year there seems to be little outward change at least in the situation on Formosa and the islands of Quemoy and Matsu. The nationalist government continues to hold these islands with large forces. I am talking now about Formosa and the off-shore islands. Most of

the men are still drawn from those who evacuated to the mainland in 1949 but some have been recruited from the mainland in recent years and there is an increasing proportion of Formosans in Chiang Kai-shek's forces.

Mr. COLDWELL: Are the Formosans conscripted?

Hon. Mr. PEARSON: I think they are but we will find that out. The United States is, under its Mutual Defence Treaty with the nationalist government, helping to train and supply those forces and provide sea and air protection for Formosa, in accordance with United States policy which has already been declared. Quite a high proportion of the forces of the nationalist government—I do not mean a majority of the forces but a substantial proportion—are stationed on the off-shore islands—to defend those islands, I take it, against attack from the mainland. It seems to me that the principal change which has taken place in this area during the last 12 months has been the growth of the hope that the Chinese communists have realized now that there would be serious dangers involved in an attack on Quemoy and Matsu. There is still irregular firing from the mainland at the islands and vice versa but in some quarters the hope has grown that the communists will not attack those islands, with all the risk of conflict which is involved.

Mr. COLDWELL: How far are they from the mainland and how far from Formosa?

Hon. Mr. PEARSON: The nearest off-shore island is, I think, about four miles from the mainland. I hope I will be permitted to correct that figure if it is wrong. I think it is about 80 or 90 miles from Formosa. The United States of course is committed to the defence of Formosa against attack by the Chinese communists and the fact that no attack has materialized during the last year may suggest that the Chinese communists realize the probable effect of such an attack. There has been some encouragement, as I have said, drawn from that fact that no attack has taken place.

The United States position in regard to Formosa is quite clear; the United States position in regard to Quemoy and Matsu is less clearly defined. United States policy is based on the assumption of responsibility to make secure and protect the position of territories which, in the judgment of the President of the United States, are necessary or related to the defence of Formosa. As Mr. Dulles himself has said, that is not in itself a commitment to defend the coastal islands as such. Those words "as such" may turn out one day to be pretty important. The Chinese communists may have decided—I hope they have—that an attack on Quemoy and Matsu or an attack on Formosa would be too dangerous, but it certainly would be premature to come to any categorical conclusion on that matter. While therefore the potential for a Chinese communist attack on Quemoy and Matsu remains, there is reason to hope that the Peking authorities have decided that any advantage which they might gain from such an attack would not justify the risk involved. That is the present position. It is quiescent. There is no evidence that we have been able to secure from any quarter which would indicate that an attack on these islands, let alone an attack on Formosa, a full-scale attack, is imminent; but the possibility of such an attack remains.

Mr. COLDWELL: These islands are adjacent to important Chinese mainland ports—Amoy, for example.

Hon. Mr. PEARSON: Yes, they are not far from Amoy. The position which the Canadian government has taken is that an attack on Formosa would be one thing, while an attack on Quemoy and Matsu would be something else. An attack on Formosa might conceivably be aggression, if it were so determined by the United Nations, as the position of Formosa has not been decided finally

in international law. We do not necessarily accept the Chinese communist position, or indeed the Chinese Nationalist position that Formosa is part of China. That is something to be decided and in that decision, as has been said we think that the wishes of the Formosans should be considered. Anyway, it is indeterminate at present. An attack on Formosa might therefore be considered by the United Nations as aggression and if so, we as members of the United Nations would be under obligation to take an appropriate part in any action the United Nations might decide.

Mr. COLDWELL: It would be very difficult, with the veto in the Security Council.

Hon. Mr. PEARSON: There is always the "Uniting for Peace" resolution. So far as Quemoy or Matsu are concerned, we consider this as part of continental China and that the struggle between the two Chinese armies for these islands is incidental to the Chinese civil war, and therefore we have no obligation to intervene in any way, shape or form. Our policy has been pretty clearly laid down. It is understood, and it has not changed.

Mr. COLDWELL: It is the same thing with the recognition of the Peking government?

Hon. Mr. PEARSON: I do not think I will go beyond the very clear statement I made on this matter a few weeks ago in the House of Commons.

Mr. STEWART (*Charlotte*): You mentioned there were some citizens of communist China who went down to Formosa. Have you any idea of the numbers involved?

Hon. Mr. PEARSON: I can get some reports. I have no idea how accurate they are. I will see if I can get some information in regard to those who may have trickled in through Hong Kong.

Mr. STEWART (*Charlotte*): There was some discussion on that but we were not given the figures involved. It would be interesting to know the numbers dissatisfied with the way of life in communist China and who are making that move.

Hon. Mr. PEARSON: It is hard to find out, because a good many have come to Hong Kong, because they are dissatisfied with the communist regime. They have stayed there, and the population has grown. Some have gone on through Hong Kong.

Mr. STUART (*Charlotte*): The same thing is referred to in that article in regard to Hong Kong.

Mr. COLDWELL: What about Canadian nationals and property in China?

Hon. Mr. PEARSON: There are very few left. We will get figures. Our Canadian embassy property in Nanking is still intact. We get reports about it occasionally and it is still looked after by our custodian, a Chinese employee who has been there for years. As far as we know, the property is intact.

Mr. COLDWELL: You get reports from the British?

Hon. Mr. PEARSON: Yes. Once or twice there have been reports from the British.

Mr. KNOWLES: What is his political persuasion?

Mr. STICK: He is a caretaker.

Mr. COLDWELL: Has the minister anything to say about the Pescadores?

Hon. Mr. PEARSON: Anything I have said regarding Formosa includes the Pescadores which is not part of the continent of China.

Mr. STICK: I understand we are to discuss the speech of the United States ambassador and as some members of the committee have already got a copy of the text, would it be possible for every member of the committee to be supplied with one. I could not discuss it unless I had a copy.

Hon. Mr. PEARSON: If application is made to the United States embassy, I think they will be glad to send a sufficient number of copies.

The CHAIRMAN: That will be done. The Committee is adjourned to the call of the chair.

HOUSE OF COMMONS

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

FRIDAY, APRIL 20, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statement by the Honourable L. B. Pearson, Secretary of State
for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.,

and Messrs.

Arsenault	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Balcer	<i>Jean</i>)	Macnaughton
Bell	Goode	McMillan
Breton	Hansell	Montgomery
Cannon	Henry	Patterson
Cardin	Huffman	Pearkes
Coldwell	James	Richard (<i>Ottawa East</i>)
Crestohl	Jutras	Starr
Decore	Knowles	Stick
Diefenbaker	Lusby	Stuart (<i>Charlotte</i>)
Fleming	MacEachen	Studer—35.
Garland	MacInnis	

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, April 20, 1956

The Standing Committee on External Affairs met at 11.30 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Arsenault, Bell, Boisvert, Crestohl, Decore, Diefenbaker, Fleming, Goode, Huffman, James, Jutras, Knowles, MacKenzie, Montgomery, Patterson, Stick, and Stuart (*Charlotte.*) 17

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs, Mr. R. M. Macdonnell, Deputy Under-Secretary, Mr. A. A. Day, Special Assistant to the Secretary of State for External Affairs.

The Chairman called the meeting to order, stating that additional statistical data relating to the estimates of the Department of External Affairs was now available to members of the Committee.

By leave of the Committee it was ordered that the document be printed in the record. (See Appendix A)

During the course of questioning, Mr. Pearson referred to the following topics:

1. The Far-East (including Formosa, Quemoy and Matsu);
2. The Middle-East (The refugee problem, and the cease fire agreement);
3. The address of the Ambassador of the United States to Canada at Vancouver, April 16, 1956.

Questioning continuing, the Committee adjourned at 12.40 p.m. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

FRIDAY, April 20, 1956,
11.45 a.m.

The CHAIRMAN: Having a quorum, we will proceed. Before, I wish to distribute to the members of the Committee a document which contains the details of the estimates, and perhaps I could have a motion that these details be printed with the minutes of this meeting.

Mr. FLEMING: That is agreeable.

Agreed.

The CHAIRMAN: Now, I believe the minister is ready to answer two or three questions which were left unanswered at the last meeting.

Hon. LESTER B. PEARSON (*Secretary of State*): Mr. Chairman, certain questions were put to me at the previous meeting concerning the Far East and the Middle East and I can deal with them now.

One question which was asked while we were discussing the situation in Formosa was whether the Formosans who serve in the Chinese Nationalist forces on that island were conscripted, and the answer confirms what I then said, tentatively, that Formosans are liable to military service in the forces maintained by the National Government of China. I was also asked the distance of the off-shore islands from the mainland and from Formosa—the islands of Quemoy and Matsu—and I gave tentative figures which were not entirely accurate, though they were reasonably close to the truth.

Quemoy is five miles from the mainland—I think I said four miles. There is, however, one small island of the group which is closer somewhat to the mainland. The islands are roughly 100 miles from Formosa.

I was also asked whether we had any reliable information about the numbers of communist Chinese who have escaped to Formosa. That, as I indicated the other day, is a very difficult question to answer. It has been estimated that since 1952 about 26,000 Chinese have moved from the mainland to Formosa, for the most part through Hong Kong. It is, of course, impossible to say categorically if any of those could be described as communist Chinese but I suspect all of them were Chinese who were dissatisfied with the form of government now in China, and anxious to escape from it.

The estimate of the movement of Chinese to Formosa from the time the Chiang Kai Shek government was driven off the mainland—and an estimate which we believe to be reliable—is as follows: there were approximately two million troops and dependants in the original withdrawal. That would be about 1950. Subsequent arrivals included troops and dependants from Indo China—27,000 in 1953, or thereabouts, troops and dependants from Burma, 7,000; prisoners captured in Korea who preferred to go to Formosa rather than return to communist China, 14,000.

Mr. FLEMING: A moment ago the minister gave us a figure and said "troops and dependants". Is the figure given the figure for the troops only, or is it an inclusive figure?

Hon. Mr. PEARSON: The figures cover troops and dependants. The dependants are included in the total figures.

To continue the list, the total includes civilians evacuated from Tachen island, 17,000 in 1955; overseas Chinese students who chose to go to Formosa rather than to the Chinese mainland, 15,000; refugees sponsored by the Council for the Protection of Intellectuals, about 15,000; and other refugees from Hong Kong, about 17,000, totalling in all about 2,092,000.

I was also asked the other day how many Canadian Nationals were still in China. According to the records of our department there are 46 Canadian Nationals in mainland China at the present time. Five of these are Canadian missionaries—two protestant women missionaries and three catholic nuns. The remaining 41 Canadian Nationals are Chinese Canadians—Canadians of Chinese race—and of that number of 41, ten have proceeded to China within the last two years.

I was also asked about the status of Canadian property in China—I had made some reference to our government property there. In so far as unofficial property is concerned it is very hard, of course, to get accurate information. We understand that a large portion of the Canadian missionary property once held in China was progressively turned over to Chinese congregations and adherents during the years preceding and following the Japanese war. We have received only one claim for compensation in respect of confiscation of property by the government of China. No, I am wrong about that, Mr. Chairman. We received one claim in 1954, and since then we have received one additional enquiry relating to alleged misappropriation of Canadian-owned property. That enquiry has not, however, been followed up yet by a claim for compensation.

Those, I think, were the only questions that arose with regard to the Far East with which I did not deal.

I was asked a further question in regard to refugees in the Middle East—Palestine refugees—and I said I would make a short statement on that. I will be glad to do so now. The question of these refugees is, as the committee knows, one of the most unhappy and vexatious of the problems arising out of the Israeli-Arab dispute. The Arabs regard the refugee and boundary questions as the most important issues, and the problem of the refugees is one of deep concern to us all, not merely because it involves the fate of hundreds of thousands of human beings but because it is one of the reasons why a political settlement in that part of the world has been difficult. By the end of the Palestine war of 1948 approximately 950,000 Arabs left their homeland and became refugees in neighbouring countries. A certain number of them have been absorbed—there has been a very small amount of resettlement with the cooperation of the governments concerned—but by far the greater number of these people are still living as refugees in camps largely maintained by the United Nations Relief and Works Agency for Palestine refugees.

The United Nations' report of 1955 indicated that the total number of refugees now being looked after by that organization is over 900,000—905,936, to give the exact figure—of which 214, approximately, are in the Gaza Strip, half a million, approximately, in Jordan, 103,000 in the Lebanon and 88,000 in Syria.

The Arab governments maintain that the plight of these refugees is the responsibility of Israel, and they insist that the refugees' right of repatriation to their former homes, now that these are, for the most part, inside the borders of Israel, must be maintained in accordance with the 1949 Resolution of the General Assembly of the United Nations. Holding these views they have done very little toward the resettlement of refugees. Indeed, the Arab league discourages such resettlement and the Arab states have taken very few refugees for resettlement. In any case, a country such as Egypt would have great difficulty in absorbing refugees.

That resolution of the United Nations in 1949 which I have mentioned does provide that refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practical date and that compensation should be paid in respect of the property of those who do not want to return, and that any loss of property or damage to property should, under the principles of international law or in equity, be made good by the government or authority responsible.

Arab spokesmen have also on occasion,—and this is not surprising—linked the refugee problem with the boundary question. They claim that Israel should make territorial dispositions which would permit the resettlement of refugees.

The government of Israel has accepted financial responsibility and the principle that it should pay compensation, but it has so far rejected the possibility of repatriation on any but a nominal scale.

Israel is already a very crowded country and the government of Israel feels it would be impossible to repatriate such a large number of Arabs. It has, however, as I have said, accepted some financial responsibility for resettlement. So far there has been no sign of a concession in the public positions taken up by either side on the refugee question, though at times there is private expression of opinion that a solution might be reached within the context of a general political agreement. In the present circumstances, however, there is no basis on which to speculate with regard to the number of refugees which might be repatriated beyond the very small percentage admitted to rejoin their families in Israel.

Mr. DIEFENBAKER: At this point, Mr. Chairman, may I ask whether the minister has anything to say with regard to the cease-fire which has been arranged since the committee commenced its hearings. I think all of us owe a deep debt of gratitude to the secretary-general for what he has done and achieved.

Would the minister say now, having regard to that cease fire, from the information he has received since it took effect, whether the government's decision respecting the shipment of Sabre aircraft to Israel is receiving further consideration, and what effect the cease fire will have on the government's decision in that regard?

I think that is a matter which falls within this discussion of Middle East affairs and that it is of first importance today. Generally speaking, there is intense interest across the country in this question.

Hon. Mr. PEARSON: Mr. Chairman, so far as the actual terms of the cease-fire are concerned, I have not yet received authoritative information, that is, I had not received it when I left my office this morning, but we did receive a message to the effect that agreement on a cease-fire between Israel and Egypt had been signed and I echo what Mr. Diefenbaker has said: we should be very grateful for that news and for the efforts of the Secretary-General which have made it possible.

The Secretary-General is now attempting to bring about similar agreements between Israel on the one hand and Jordan, Syria and the Lebanon on the other and I hope he will be successful in this regard, too, because there have been incidents on these frontiers as well as on the Egypt-Israel frontier. I will be glad to make the details of the cease-fire arrangement available as soon as I get them. However, they will probably appear in the press as soon as they reach us. It must be remembered, though, that while we are thankful for what has been done, this is only a first step. There has been an armistice existing in that part of the world for a good many years and there have been fairly long periods of time during which no incidents took place on the Egypt-Israel frontier. This particular cease-fire is an agreement between the governments concerned to return to the conditions of the armistice. There were not supposed

to be any incidents in any event. The importance of this agreement will depend a good deal on the machinery which will be set up to carry it out—in other words, whether some effective arrangement can be made under this new agreement to keep the soldiers apart; and I am not at the moment familiar with the details which have been worked out for this purpose.

It should also be remembered that while a cease-fire is very much to be desired, and very important, the negotiation of a political settlement which would make the armistice or a cease-fire unnecessary is still more important, because there would then be peace between the countries concerned.

Naturally, this development, especially if it is followed by other cease-fire agreements, will have a bearing on the consideration being given by any government, including the Canadian government, to requests received from Israel for defence equipment, and any subsequent moves by the Secretary-General will be among the considerations which, undoubtedly, the government will have in mind in coming to a decision in respect of this matter. It may also have come to the attention of the committee that one of the subjects now being discussed in London between the United Kingdom government and the visitors from Soviet Russia is the shipment of arms to the Middle East.

Mr. DIEFENBAKER: Has there been any date fixed by the government for a decision on this question? Some two weeks have gone by since the application was made by Israel for either 20 or 30 Sabre aircraft. That application was made at a time when the situation was extremely precarious; Egypt was making very outspoken threats. Now that a cease-fire has been brought about between Egypt and Israel, has the government any date in mind as a "target" before which they intend to make their decision?

Hon. Mr. PEARSON: I would not like to say there was any particular date in mind. This matter was discussed and considered again at the cabinet meeting yesterday. It will be recalled that when the request was first made—I think it was on April 3—that was the very time when the Secretary-General was leaving for Palestine, and an important factor in reaching a decision about a request of this kind involving aircraft, are the efforts made by the Secretary-General to bring peace to this particular area. The situation in that regard is still fluid and he is still in the process of negotiations for a cease-fire on the other frontiers. I think, therefore—though I cannot speak for all my colleagues that it would unrealistic to expect a decision until we have had a final report from the Secretary-General about his efforts.

Mr. KNOWLES: Has the Secretary-General the authority of the United Nations to sign something more than a cease fire agreement—to sign, for example, a political settlement?

Hon. Mr. PEARSON: I read his terms of reference to the committee the other day and while his main task is to cease tension by bringing about a better state of affairs on the border, those terms of reference are wide enough, I think, to enable him to make recommendations to the security council on a broader basis. But the first step is to try to stop the frontier incidents, and that is what he is doing now.

The CHAIRMAN: Will you allow me to ask one question in connection with the point which Mr. Diefenbaker has raised?

Did General Burns take part in bringing about this new agreement between Israel and Egypt?

Hon. Mr. PEARSON: Yes, he did. He took quite an active part, and when I saw Mr. Dag Hammarskjöld in New York before he left, he told me he was going to rely a great deal on General Burns' experience and Wisdom in the negotiations he was contemplating. Members of the Committee will have seen from the press that General Burns was present with him in Cairo and in Tel Aviv.

By the way, Mr. Diefenbaker, I can assure you that while I cannot fix a date for any definite decision this matter will be before the cabinet again next week—the matter of the Israeli request will be up for consideration at next week's cabinet meeting.

Mr. DIEFENBAKER: I realize fully the limitations there, but I was wondering whether in view of the changed situation there is, in your opinion, as much demand for immediate action now as was indicated by the situation two weeks ago or, possibly, three days ago?

Hon. Mr. PEARSON: Still, the situation—the immediate impact of events seems to change quickly over there.

Mr. MACKENZIE: I heard on the 10 o'clock news that Egypt had already accused Israel of breaking the cease fire agreement.

Hon. Mr. PEARSON: Like Mr. Marler, I did not listen to the radio news this morning.

Mr. GOODE: I listened, and Mr. MacKenzie is entirely right.

Is there any time limit on this cease fire? Are you in a position to answer that question?

Hon. Mr. PEARSON: I am not in a position to answer that, but I would be surprised if there were any time limit. I believe it would be the hope that it would run while the armistice was in effect. The news which some members of the committee have heard over the radio to the effect that already there have been charges of breaking the cease fire agreement appears to confirm what I was suggesting, namely that this was only one step and that we should not read too much into this particular development, important and valuable though it may be.

Mr. DIEFENBAKER: Does the minister think that this is just a cease fire within a cease fire?

Hon. Mr. PEARSON: It is just a cease fire within an armistice—and in an armistice there should be no firing to cease, anyway.

Mr. DIEFENBAKER: That is what I was wondering about. And because of that you have some doubts as to whether it will be observed by the parties?

Hon. Mr. PEARSON: We should be cautious with regard to the observance of arrangements of this kind in the Middle East in present circumstances. We hope they will be observed but we should not become too optimistic.

Mr. CRESTOHL: Did you complete your statement on the question of the refugees before Mr. Diefenbaker put his question?

Hon. Mr. PEARSON: I think so.

The CHAIRMAN: Are there any other questions in relation to the Middle East and the Far East?

Mr. GOODE: Is Major General Burns to continue to stay in that area?

Hon. Mr. PEARSON: General Burns' tour of duty is supposed to be up in June, I think, and I believe the United Nations Secretary General will be discussing with him—if he has not already done so—the possibility that he might stay on for another year. That will confront General Burns with the necessity of making quite a decision.

Mr. GOODE: I think each one of us will hope that the decision will be favourable and that he will stay there. I mean by that that no man in the world could have done a finer job than General Burns in that part of the world.

Hon. Mr. PEARSON: He has shown great skill and patience. Patience is the quality which is most required.

Mr. PATTERSON: I regret, Mr. Chairman, that my arrival here has been delayed. I was wondering if the minister has replied to my question relative to the refugee problem.

The CHAIRMAN: Yes.

Hon. Mr. PEARSON: I have not, as a matter of fact, said anything about our Canadian contribution; I talked generally about the problem and its difficulties. I think, possibly, you asked a specific question about what Canada had done?

Mr. PATTERSON: My question was: has the government considered, or will it consider, taking up the position that any further contributions to the fund must be for rehabilitation rather than just for maintenance?

Hon. Mr. PEARSON: Perhaps I should say a word about that. I have some facts on it. During the time this United Nations agency has been in operation we have contributed about \$4 million to it. That contribution was made since 1952, and during the last session of the general assembly we announced that subject to parliamentary approval we would contribute half a million dollars for the forthcoming year, of which \$300,000 will be in the form of wheat. When we made that announcement in New York we urged once again on the Arab states and Israel that they should cooperate in trying to bring about some solution of the refugee problem and, especially, to assist rehabilitation projects as the principal way of ensuring the resettlement of refugees.

Mr. Patterson has referred to the suggestion that our contribution to the support of Palestine refugees should be made conditional on progress made toward definite resettlement. There are over 900,000 of them still on relief rolls. Reduction can only be made by repatriation or resettlement, and repatriation for political and economic reasons is difficult, indeed impossible, in so far as the great bulk of them are concerned.

That brings up the question of resettlement. The United Nations agency has worked out some very good resettlement projects. It has concluded programs or projects envisaging expenditures amounting to about \$11 million, and a good deal of preliminary work has been done to bring these projects into operation.

Over \$5 million have already been spent on these projects. The best known of them is the Jordan Valley scheme which will involve, if ever completed, an expenditure of over \$40 million. That project is related to the Eric Johnson plan for river development in the Middle East, and it is now the subject of negotiations between the Arab states, Israel, and Mr. Johnson representing the United States. But there has been very little progress made in those negotiations because of the political difficulties between the states concerned.

And until the political situation has improved I do not think it would be realistic to expect that this particular resettlement scheme will be in operation. I hope that I am wrong but none of the information I have received leads me to believe that this can go forward, and other projects like it, until there has been some political improvement.

Mr. FLEMING: Before the minister leaves the subject I wonder if he would say a word as to the relationship between the Johnson scheme and the proposed diversion of waters of the Jordan by the government of Israel.

Hon. Mr. PEARSON: There is certainly a relationship between the two things. The government of Israel has more than once expressed its readiness and indeed its anxiety to proceed in co-operation with its Arab neighbours to implement the Eric Johnson scheme for Jordan development, it would be of great economic value to the whole area; but there has been no progress made because of the refusal of the Arab states to go ahead.

Now, the government of Israel, understandably impatient at the lack of progress, has said that she will go ahead with a Jordan development scheme

of its own. This particular scheme, I think, is on the border between Israel and Syria, and the Syrian government has said that as the diversion or canal, whatever it is, would be inside or just on the armistice demilitarized zone, that they would consider it to be a hostile act, and would take steps to oppose it. I think that is one of the most dangerous situations in the Middle East at the moment, because Israel might go ahead on her own to dig this canal, and Syrian troops on the border—and they would be quite close to where the work was going on—would fire, and trouble would start.

Now to return to the Canadian side; we have more than once in New York expressed our disappointment over the fact that our contributions are going towards relief rather than towards resettlement, because relief is only a palliative and is not a cure for this problem. And we have wondered whether we should make our contribution conditional on evidence that resettlement projects were being put into effect and that the refugees were being absorbed in those projects. But there are 900,000 in that area who themselves, as individuals, are not responsible for the political difficulty which makes resettlement impossible, but who have to be kept alive by relief, because there is no other way of keeping them alive; and we have not yet come to the conclusion that we should attach specific conditions to our contribution which would make those contributions dependent on resettlement. But we shall have to give consideration to that matter between the present time and the next assembly, when we shall be asked to make another contribution.

Mr. PATTERSON: I wonder if the other nations who are making contributions are likewise putting pressure on them, too?

Hon. Mr. PEARSON: They are indeed; and we have been in touch with them about this, and I think that before the next assembly we should have a discussion with our friends who have been contributing to see if we cannot concert some attitude or policy in this matter.

Mr. CRESTOHL: What contributions are the Arab states making?

Hon. Mr. PEARSON: The Arab contributions to refugees have been very small because they accept no responsibility for this problem which they say is one which should be accepted by Israel and those members of the United Nations who have assisted in the establishment of Israel. But I must say that Lebanon, Jordan and Syria are not very rich countries, and they have their own economic problems. Jordan has done something to help the refugees which are on its territory, but so far Egypt, Saudi Arabia, and Irak have not made any but very small contributions.

Mr. DIFENBAKER: I have to leave to attend a meeting at 12.20 o'clock, along with the members of the house who belong to Kiwanis, therefore I would like to know if Mr. Pearson is going to answer the question I asked him the other day in regard to Ambassador Stuart, and in particular whether any communication has passed between the Canadian government and himself, or the State Department, relevant to his statements made in his speech in Vancouver; and also whether there was any perusal of such speech by any member of the cabinet prior to its delivery in Vancouver, and were there any suggestions made as to alterations in some of the unveiled criticisms of political domestic matters in Canada.

The CHAIRMAN: That is a very broad question!

Mr. DECORE: I wonder if Mr. Diefenbaker would mind pointing out what parts of the speech he is taking objection to. We now have the text of the speech before us. Maybe Mr. Diefenbaker could tell us what parts of that speech he is objecting to in particular.

Mr. KNOWLES: Does that mean that we are leaving the Middle East?

Hon. Mr. PEARSON: We are leaving the Middle East for the far west.

Mr. DIEFENBAKER: I have to leave, and when my hon. friend asks what parts of the speech I object to I simply answer him by saying that if there had been as direct criticism of the Prime Minister or of any of the cabinet ministers as there is of the leader of the opposition in a domestic matter, I would have taken an equally strong stand against what was said.

Mr. GOODE: I shall speak right now. I think Mr. Diefenbaker has posed a question to the committee through you, Mr. Chairman. He said that certain of the statements which Mr. Stuart had made were what he called statements on politically domestic matters. Then he says he is going to a Kiwanis meeting, which he has every right to go to. But I do not intend to leave this matter at quarter after twelve on a Friday afternoon and thereby miss the press in the afternoon for anything which Mr. Diefenbaker may wish to say. If we are going to discuss this matter in full, then let us discuss it! I have a question to ask in connection with what Mr. Diefenbaker was going to ask.

Mr. FLEMING: Would it not be right for the minister to answer the first question which has been put to him?

Mr. GOODE: The minister can answer them all, because my question is in connection with Mr. Diefenbaker's question.

The CHAIRMAN: Just a moment, gentlemen; order; order!

Mr. GOODE: I shall ask this question, and the minister may answer it in connection with Mr. Diefenbaker's question.

Mr. FLEMING: Let us take this on an orderly basis! Surely there will be ample opportunity for Mr. Goode and for other members to ask questions! But are we going to start in with a second question before the minister has attempted to answer the first question? Let us take one thing at a time.

Mr. CRESTOHL: We do not know what is being objected to.

The CHAIRMAN: I quite agree with the hon. member who has just spoken. Mr. Diefenbaker asked a question which was a very broad one. I see some implications in his question.

Mr. DIEFENBAKER: There were none!

The CHAIRMAN: On the other hand we have Mr. Decore who asked Mr. Diefenbaker to quote that part of the speech to which he is raising objection. I think that it is a good question. I think that we should limit the debate to the part of the speech to which the hon. member is objecting.

Mr. FLEMING: I suggest that the minister is quite capable of dealing with a broad question as well as with a specific one. We do not have any rule in our committees that questions must be very specific. In fact ministers often answer very broad questions. So I think we should let the minister proceed.

The CHAIRMAN: If it is the wish of the hon. member, I shall be glad.

Mr. KNOWLES: I move that the minister be now heard!

Mr. DECORE: I read this speech and I think it is a very good speech!

The CHAIRMAN: Some might think that it is too good!

Mr. DECORE: I want to know what parts of the speech are being objected to. I think we have the right to know just what parts of the speech are being objected to.

Mr. FLEMING: Probably those parts which Mr. Decore enjoyed the most!

Mr. DECORE: Just which ones are they?

Mr. GOODE: Perhaps Mr. Diefenbaker will answer that for himself.

Mr. KNOWLES: Why all this attempt to silence the minister. Let us hear from him!

Mr. DIEFENBAKER: I asked what had been objected to. That is all.

The CHAIRMAN: The minister is ready to answer Mr. Diefenbaker's question.

Hon. Mr. PEARSON: If Mr. Goode has a short question, maybe I could include it.

Mr. GOODE: Mr. Pearson is here to be questioned. All I was going to ask him was—and it is complementary to Mr. Diefenbaker's question—did the minister have any prior knowledge of the speech which was going to be made in Vancouver.

Hon. Mr. PEARSON: Well, this matter was brought up at the last meeting, and although I do not recall exactly, as I remember it, I was asked whether I had any comment to make on the speech, and I said no, because I had not read it; I had glanced at it but I had not read it.

I am now asked if I have any comment to make on it after having read it, because of course I have read it since we met last, with all the care and interest which it deserves, I would be glad to say a few words on the subject of that speech.

It will help to keep this matter in proper perspective if we remember that there is a tradition of frank speaking between Canadians and Americans which, I am sure, we all wish to preserve. This is a unique and valuable feature of our relationship, concerning which we have often, and rightly, congratulated ourselves on both sides of the border. It can be spoiled by abuse on the one hand, and oversensitiveness on the other.

I have no doubt that the United States Ambassador, in making his Vancouver speech, had this tradition very much in mind. As a conscientious representative of his country he would naturally be concerned with any development which, in his opinion, might affect relations between Canada and the United States. The subject of his speech, "Investment of U.S. capital in Canada, and Charges of U.S. Domination of Canadian Industries and Natural Resources", dealt with one such development. It was more than a domestic subject; it was international in scope, and affected relations between the two countries.

In his speech, Mr. Stuart endeavoured to meet certain charges and criticisms by explaining his government's attitudes and objectives. That was a perfectly proper thing for him to do as the representative of his country, whether we agree with the substance of his argument or not. There is no reason why, in a public speech, he should not try to refute suggestions that either the purpose or the result of American investment policies in Canada would be to make Canada an economic dependency of the United States.

I am sure that in making this speech Mr. Stuart felt that he was giving the frank and honest views of a sincere friend of Canada, which we all know him to be. I do not believe the Ambassador had any intention of intervening in our domestic affairs.

In his speech, however, there were one or two passages which seemed to me, in the context in which they appeared, and coming from a diplomatic, rather than a political or a private personage, to have been, unfortunately, of a character likely to provoke controversy.

Mr. FLEMING: Mr. Decore will please note those passages.

Hon. Mr. PEARSON: I am sure that Mr. Stuart, on the eve of his departure from our country, where he has gained so many friends, will be the first to regret that his words have, in fact, been the cause of such controversy.

In so far as the question of representations to the United States is concerned, a member of the Canadian Embassy saw a member of the United States State Department on April 17th and drew his attention to certain passages in Mr.

Stuart's speech delivered to the Canadian Club in Vancouver which he pointed out had been criticized in Canada. And that member of the State Department noted what our embassy representative said.

Mr. FLEMING: May I ask which passages were specifically drawn to the attention of the State Department by the representative of the Canadian Embassy in Washington? I ask this question for the information of my friend, Mr. Decore.

Hon. Mr. PEARSON: I have not that information as to what passages were drawn by our representative in Washington to the attention of the State Department.

Mr. FLEMING: That information could be obtained, could it not?

Mr. KNOWLES: It would not be a reference to Mr. Pearson's remarks.

Hon. Mr. PEARSON: I am not sure, because I said, I think, in the quotation in which I was mentioned, that the day of relatively easy and automatic relationship between the two countries was over. I think the word "relatively" was left out, but that is of no importance. In answer to Mr. Goode I can say that I had heard on the day the speech was to be made that the American Ambassador was making a speech at Vancouver. So I sent out in the afternoon to see if I could get an advance copy of the text, because it is often the practice, that advance copies are available in Ottawa of speeches which are made outside Ottawa.

I was able to secure it; but I had no knowledge until that time of any speech that Mr. Stuart was going to make, or any knowledge of his intention to make one, or any indication of the text.

Mr. FLEMING: Does that apply to all the members of the Canadian government as well?

Hon. Mr. PEARSON: I cannot speak for all my colleagues, but I do not know that any advance consultations were held between Mr. Stuart and anybody in regard to this speech. That is all I can say.

Mr. FLEMING: Can the minister obtain for us the identification of the particular passages which were drawn to the attention of the State Department in Washington by the representative of the Canadian Embassy there?

Hon. Mr. PEARSON: I think that should be possible, Mr. Chairman, and I shall enquire.

Mr. FLEMING: Thank you. The minister was also asked—I think he cleared up the question so far as it related to events and consultations; but has there been any reply received from the State Department in Washington to the representations which were made by a representative from the Canadian Embassy in Washington?

Hon. Mr. PEARSON: I have seen no message from Washington dealing with this speech except the one which I quoted, when we were in touch with the State Department. I have seen nothing from any agency of the United States government on this speech.

Mr. FLEMING: The minister was asked in the house the day before yesterday as to any knowledge the Canadian government had as to whether the State Department had been consulted in advance on the delivery of the speech by the Ambassador, and the minister answered to the effect that it was usual in speeches of this kind that copies would be lodged with the State Department in Washington before delivery, and he said that he had no doubt that that had been done. Has he any further information?

Hon. Mr. PEARSON: No, but I shall be glad to make enquires whether in fact a copy of his speech had been sent by the Ambassador to the State Department before he gave it.

It is the normal practice when our Ambassador makes a speech of any importance for him to send it up here beforehand so that we may have a look at anything we might be interested in; at what he is going say.

I have been going over his speeches on economic affairs in the last two or three days. He has made many speeches in the United States in which he dealt very frankly with the effect of United States economic policy on Canada, and I am glad he did that. During the course of some of those speeches on economic developments, he has referred to matters which were before the United States Congress, and I am glad he did that too.

Mr. GOODE: Have there been any protests from the United States government in regard to anything he might have said?

Hon. Mr. PEARSON: No, we have had no protests from the United States government in regard to anything he might have said.

Mr. GOODE: Is it not true that if you took a trial balance of the unfavourable statements which have been made in both countries, that the balance would not be entirely favourable on our side, because some of our ministers have made rather frank statements in the United States in regard to relationships between the two countries.

Hon. Mr. PEARSON: That is quite true. There is of course a distinction to be drawn between political personages and diplomatic personages. I have spoken in the United States on occasion quite frankly, but I am not a diplomat.

Mr. FLEMING: Would the minister tell us at what point in the sequence of events the Department of the Secretary of State for External Affairs received knowledge of this speech, either the text or the portent of it?

Hon. Mr. PEARSON: I shall have to speak from memory, but the day the speech was delivered somebody told me—I am not sure who it was in the department—that he had heard from the press gallery that a speech was going to be delivered in Vancouver by the United States Ambassador and that copies had been distributed in advance which is normal procedure. And I said that if that was the case I would like to have a look at it.

Mr. CRESTOHL: Might I ask through the chair—we all have the speech in front of us—if the minister would be good enough to point out the passages in the speech which he found offensive or unduly critical, so that we may be able to follow the dialogue between Mr. Fleming and the minister.

Mr. FLEMING: I shall be glad to do it. But in the meantime I am trying to locate the particular passages which the Canadian government thought to be of a nature calling for the making of representations in regard thereto by the Canadian government's representative in Washington to the United States State Department in Washington, and I do not propose to be diverted from that course.

Now, following up the question I was putting to the minister, the minister indicated that he heard of this speech through the press gallery, who had advance copies of it. Did the department have an advance copy or an intimation of the purport or nature of the speech prior to its delivery by Ambassador Stuart in Vancouver?

Hon. Mr. PEARSON: Not to my knowledge. I heard of this speech in the way indicated, that it was dealing with economic questions, United States-Canadian economic relations, and since I was in the process of preparing a speech on that subject myself, I certainly got interested in what he might be saying, I probably would have sent for it in any event; but I was particularly interested in this subject.

Mr. FLEMING: And that date was April 16th?

Hon. Mr. PEARSON: That was the day the speech was given.

Mr. FLEMING: According to the press release we have furnished to us today it was delivered on April 16th.

Hon. Mr. PEARSON: Then it was April 16th that I heard of the speech, and it was in the afternoon of the 16th that I had a look at it. I think it was given at Vancouver at 5 o'clock that afternoon, our time.

Mr. FLEMING: And it was only on the 18th that the minister said that representations were made at Washington to the Department of State there by a representative of the Canadian Embassy.

Hon. Mr. PEARSON: Yes, the telegram is dated April 18th saying that our representative saw a member of the State Department.

Mr. FLEMING: Would that indicate that he saw the State Department representative that day?

Hon. Mr. PEARSON: I shall have to confirm that. I can get the exact time and date if it would interest Mr. Fleming.

Mr. CRESTOHL: Would this be the proper time for Mr. Fleming to answer my question?

Mr. FLEMING: I shall wait until I hear what particular passages were objected to at Washington. The minister indicated that he would get that information for us, then I shall compare them with my own feelings about the passages in the speech.

Mr. CRESTOHL: Are you preparing to make your protest after the passages are pointed out to you? Have you got the passages in the speech which you consider personally to be offensive? I could not find any.

Mr. FLEMING: That is very interesting, because we hear it now from Mr. Crestohl, and we have heard it earlier from Mr. Decore that there was nothing in that speech which they thought was out of place, being delivered by a United States Ambassador in Canada, and it indicates that they are at variance with the views of the government, because it is found that the government here thought there were passages in that speech of such a nature that they should be made the subject of representations to the State Department in Washington by a representative of the Canadian government in Washington. I am quite interested to find that fact, and I shall be equally interested to find out for the instruction and edification of my friends opposite, just what are the particular passages which came within the scope of the Canadian government's protest or representations to Washington, and I shall be interested at that point to hear an expression of disapproval by Mr. Decore and Mr. Crestohl, of the Canadian government for their differences of opinion concerning the passages in question.

Hon. Mr. PEARSON: I want the record to be quite clear. I have not said at any time—and it would not be accurate if I had said it—that we had made protests or—what are called in diplomatic language—representations. What we did was this—and I said this a few moments ago; we asked a member of the embassy—the Ambassador asked one of his staff to go to the State Department and see an officer of the State Department and draw his attention to Mr. Stuart's speech, which he said had caused some controversy in Canada, which certainly was the case.

This morning I said there were certain passages in the speech which—because of the fact that he was an Ambassador—were of a character, unfortunately, which would be likely to provoke controversy. Indeed that is a statement of fact, because they have provoked controversy.

Mr. FLEMING: I think it could be called an understatement of fact.

Mr. KNOWLES: I suppose the grade of the official asked to go to the United States authorities and the grade of the opposite number he saw would mark

the degree of the concern which the government felt on this matter. It was not from the ambassador to the Secretary of State?

Hon. Mr. PEARSON: No, it was from the minister in the embassy to the official in the State Department in charge of the Canadian desk.

Mr. KNOWLES: That is a little higher than I gathered from your previous description.

Hon. Mr. PEARSON: A member of the embassy.

Mr. KNOWLES: A member or a minister?

Hon. Mr. PEARSON: A member of the ambassador's staff with the rank of minister. "Minister" in this connection is a diplomatic rank.

Mr. KNOWLES: He is not just a clerk, but he is not an ambassador.

Mr. FLEMING: He is the man next to the ambassador and that is the normal channel of communication.

Mr. KNOWLES: Can the minister tell us in how many speeches Mr. Heeney, to the minister's knowledge, has ever said of any American political figures that they did not appear to be seeking a solution but rather the creation of an issue? Has he ever said of any American figures that they were being "emotional rather than logical"?

Hon. Mr. PEARSON: I cannot answer that question with relation to anything Mr. Heeney has said. I have no knowledge that he has ever made that kind of statement, and I am not sure that that kind of statement was made in Mr. Stuart's speech.

Mr. KNOWLES: I was quoting directly from it.

Hon. Mr. PEARSON: I would like to be sure of the context in which, for example, he used the word "emotional".

Mr. KNOWLES: On page three, after quoting directly, between quotation marks, he said:

"He warned, in a somewhat emotional appeal to his audience . . ."

This is a reference to a prominent Canadian whose name, I think, is pretty well established.

The CHAIRMAN: The minister has to leave now.

Hon. Mr. PEARSON: May I ask the indulgence of the committee? I have to go to lunch, like Mr. Diefenbaker, but mine is half an hour late.

The CHAIRMAN: I am sure it will be the pleasure of the members of this committee to adjourn to the call of the chair.

Mr. FLEMING: The committee is always ready just after lunch.

Mr. GOODE: Though Mr. Pearson has left I have one question which I would like to ask before we adjourn the committee.

The CHAIRMAN: I must point out that we no longer have a quorum and I therefore move that we adjourn to the call of the chair.

APPENDIX "A"

DEPARTMENT OF EXTERNAL AFFAIRS
MAIN ESTIMATES 1956-57

Information material prepared for Members of the 1956 Standing Committee on External Affairs.

This material is in two main parts, viz., comparison of the 1956-57 Estimates with those of 1955-56 with explanations of all substantial changes, and a series of Appendices comparing the 1956-57 Estimates with the expenditures of 1955-56 (estimated) and the actual expenditures of 1954-55.

MAIN ESTIMATES 1956-57 COMPARED WITH 1955-56

No. of Vote	Service	1956-57 \$	1955-56 \$	Increase \$	Decrease \$
Totals.....		56,196,523	46,408,953	9,787,570	
(S)	Minister's Salary and Motor Car Allowance...	17,000	17,000		
A—DEPARTMENT AND MISSIONS ABROAD					
92	Departmental Administration.....	4,379,430	3,827,769	551,661	
93	Passport Office.....	275,251	253,779	21,472	
94	Representation Abroad—Operational.....	7,210,961	6,700,339	510,622	
95	Representation Abroad—Capital.....	1,987,207	2,362,190		374,983
96	Official Hospitality.....	30,000	30,000		
97	Relief and Repat.—Distressed Canadians.....	15,000	15,000		
98	Representation at International Conferences.....	200,000	200,000		
99	Grant to U.N. Association in Canada.....	11,000	11,000		
100	Grant to Int. Red Cross.....	15,000	15,000		
101	Grant to Atlantic Treaty Assoc. of Canada....	2,500		2,500	
102	Fellowships and Scholarships.....	125,000	125,000		
A—Sub-total.....		14,251,349	13,540,077	711,272	
A—Total Department and Missions Abroad.....		14,268,349	13,557,077	711,272	
B—GENERAL					
103	Assessment in Int. Organizations.....	2,977,569	2,918,210	59,359	
104	NATO Headquarters Bldg.....	165,077	84,660	80,417	
105	U.N. Exp. Prog. for Tech. Assist.....	1,798,875	1,448,438	350,437	
106	U.N. Children's Fund.....	650,000	500,000	150,000	
B—Sub-Total.....		5,591,521	4,951,308	640,213	
107	NATO Staff Assignments.....	35,484	34,383	1,101	
B—Sub-total.....		35,484	34,383	1,101	
108	ICAO Rental Assistance.....	200,543	201,872		1,329
B—Sub-total.....		200,543	201,872		1,329
(S)	Annuity to Mrs. H. Y. Roy.....	1,667	1,667		
B—Sub-total.....		1,667	1,667		
109	I.J.C.—Salaries and Expenses.....	100,745	104,614		3,869
110	I.J.C.—Studies and Surveys.....	199,180	111,550	87,630	
B—Sub-total.....		299,925	216,164	83,761	

MAIN ESTIMATES 1956-57 COMPARED WITH 1955-56—*Concluded*

No. of Vote	Service	1956-57 \$	1955-56 \$	Increase \$	Decrease \$
111	Colombo Plan.....	34,400,000	26,400,000	8,000,000	
112	Assessment for Membership in I.C.E.M.....	209,534	166,482	43,052	
113	Grant to U.N. Refugee Fund.....	125,000	125,000		
114	Grant to UNRWA Near East.....	500,000		500,000	
115	International Commissions Indo-China.....	564,500	705,000		140,500
	Appropriation not required for 1956-57.....		50,000		50,000
	B—Sub-total.....	35,799,034	27,446,482	8,352,552	
	B—Total, General.....	41,928,174	32,851,076	9,076,298	

SUMMARY

To be voted.....	56,177,856	46,390,286	9,787,570
Authorized by Statute.....	18,667	18,667	
Total Estimates.....	56,196,523	46,408,953	9,787,570

—REFERENCES—

92—DEPARTMENTAL ADMINISTRATION—INCREASE \$551,661.

	Increase \$	Decrease \$
(1) Salaries.....	303,697	—
(2) Allowances.....	—	8,175
(4) Professional and Special Services.....	—	27,500
(5) Courier Service.....	14,000	—
(5) Removal and Home Leave Expenses.....	43,675	—
(5) Other Travelling Expenses.....	—	—
(6) Freight, Express and Cartage.....	—	3,000
(7) Postage.....	—	9,500
(8) Carriage of Diplomatic Mail.....	—	—
(8) Telephones, Telegrams and Other Communication Services.....	193,049	—
(9) Publication of Departmental Reports and Other Material.....	11,500	—
(10) Displays, Films and other Informational Publicity.....	—	—
(11) Office Stationery, Supplies and Equipment.....	—	3,035
(12) Purchase of Publications for Distribution.....	19,900	—
(12) Materials and Supplies.....	—	—
(16) Acquisition of Equipment.....	6,170	—
(17) Repairs and Upkeep of Equipment.....	5,880	—
(22) Compensation to Employees Loss of Effects.....	—	—
(22) Sundries.....	5,000	—
Total Increase.....	551,661	—

92—(1) Salaries—Increase \$303,697

This increase is due to the addition of 59 positions to the present establishment and to annual salary increments. The additions to staff include an increase of 26 in Communications Division (Teletypists and Clerks) and an increase of 16 in "Floater" positions (from 27 to 43).

92—(2) Allowances—Decrease \$8,175

In 1955-56 provision was made for payment of a terminable allowance to each Assistant Under-Secretary of State for External Affairs in order to raise his remuneration to that of a Foreign Service Officer Grade 9. As each Assistant Under-Secretary is now granted the acting rank and salary of a Foreign Service Officer, Grade 9, no provision for payment of Terminable Allowances is required.

92—(4) *Professional and Special Services—Decrease \$27,500*

The decrease within this Primary is caused by the elimination of the amount provided in the last two years for Canada's possible share of the expenses which would be involved in the setting up of an International Arbitration Tribunal to adjudicate in claims of U.S. citizens for damages allegedly suffered as a result of the construction of the Gut Dam. While at the present time, it is not known when this Tribunal will be set up, if it is established in this fiscal year the amount of \$30,000 may have to be requested in Supplementary Estimates.

92—(5) *Courier Service—Increase \$14,000*

The additional amount required in Courier Service is needed to operate our Ottawa-London-Paris courier service for a full year. Funds were provided for this service in 1955-56 for only part of the year.

92—(5) *Removal and Home Leave Expenses—Increase \$43,675*

This increase is needed to cover the increased number of removals and postings in this fiscal year.

92—(6) *Freight, Express and Cartage—Decrease \$3,000*

Funds were provided in the 1955-56 fiscal year for the transportation costs in connection with an Art Exhibit to Commonwealth Countries and a Canadian Art Exhibit in Sao Paulo, Brazil, which are now looked after by the National Gallery.

92—(7)—*Decrease \$9,500*

This year our estimate for postage is based on one full year's experience.

92—(8) *Telephones, Telegrams and Other Communication Services—Increase \$193,049*

This is due to the increase in our regular telegraphic communications and the rental of teletype equipment arising from the increase in cable traffic originating in Ottawa, which in turn will result from the installation of machine cypher facilities at selected posts, the general trend towards increased use of telegraphic facilities and the increasing number of conferences.

92—(9) *Publication of Departmental Reports and Other Material—Increase \$11,500*

This increase is largely the result of the publication of "Canada, from Sea to Sea" for which the preliminary costs were provided in the 1955-56 Estimates.

92—(11) *Office Stationery, Supplies and Equipment—Decrease \$3,035*

This decrease is brought about by the elimination of repairs to office equipment and appliances which is being provided for by the Queen's Printer this year.

92—(12) *Purchase of Publications for Distribution—Increase \$19,900*

This year it is proposed to make substantial gifts to chosen libraries in the Columbo Plan area, to establish centres in these countries where comprehensive information about Canada, its history, economy, social structure and culture is available to serious students. It is also proposed to publish a Spanish edition of the Canada Handbook based on Canada 1955, due to the great demand for such an edition. The last Spanish edition, which was very successful, was issued in 1945, and has been out of print for several years.

92—(16) *Acquisition of Equipment—Increase \$6,170*

This increase is needed to purchase teletype equipment to replace equipment presently used on a rental basis and additional teletype units to provide adequate operating and maintenance facilities.

92—(17) *Repairs and Upkeep of Equipment—Increase \$5,880*

This is needed to provide additional maintenance spare teletype parts due to the increase in the amount of teletype equipment here in Ottawa.

92—(22) *Sundries—Increase \$5,000*

This increase is needed for storage of furniture of employees abroad due to the Department's policy of supplying household effects at some posts and an increase in the number of movements of personnel going abroad.

93—*Passport Office—Increase \$21,472*

	Increase \$	Decrease \$
(1) Salaries	5,661	—
(7) Postage	—	—
(11) Office Stationery, Supplies and Equipment ..	12,411	—
(11) Microfilming Supplies and Equipment ..	3,400	—
(22) Sundries	—	—
Total Increase	21,472	—

93—(1) *Salaries—Increase \$5,661*

The increase in salaries is due to the addition of two junior typists to the establishment for maintenance of a card index.

93—(11) *Office Stationery, Supplies and Equipment—Increase \$12,411*

The main increase here is in the amount required for Passports and Certificates of Identity in order to bring the stock on hand to safe quantities.

93—(11) *Microfilming Supplies and Equipment—Increase \$3,400*

The increase in this Primary is caused by the Department's intention to have the Queen's Printer do the work this year. In 1955-56 the microfilming was done by renting a camera and supplying the Passport Office with three extra men for from two to three months. This year the extra men will not be available for the Department and the Queen's Printer will do the work.

94—*Representation Abroad—Operational—Increase \$510,622*

	Increase \$	Decrease \$
(1) Salaries	264,013	—
(2) Allowances	138,019	—
(4) Professional and Special Services	621	—
(5) Travelling Expenses	2,410	—
(6) Freight, Express and Cartage	475	—
(7) Postage	665	—
(8) Telephones, Telegrams and Other Communication Services	52,350	—
(11) Office Stationery, Supplies and Repairs to Office Equipment	—	50,902
(12) Fuel for Heating and Other Materials and Supplies	3,390	—
(14) Repairs and Upkeep of Buildings and Works	71,055	—
(15) Rentals of Buildings and Works	—	9,129
(17) Repairs and Upkeep of Equipment	27,760	—
(18) Rental of Equipment	—	2,500
(19) Municipal and Public Utility Services	16,850	—
(21) Benefits in Consideration of Personal Services ..	1,170	—
(22) Sundries	—	5,625
Total Increase	510,622	—

94—(1) *Salaries—Increase \$264,013*

The increase in salaries is due to the increase in the establishment of 88 positions due to improvement of communications, additional information work and increases at various posts abroad as a result of an increase in the volume of work.

94—(2) *Allowances—Increase \$138,019*

The increase in allowances is due mainly to staff increases, and upward reclassification of certain positions abroad.

94—(8) *Telephones, Telegrams and Other Communication Services—Increase \$52,350*

This increase is mainly due to the Department's intention of installing telex communication facilities between London and five selected posts in Europe.

94—(11) *Office Stationery, Supplies and Repairs to Office Equipment—Decrease \$50,902*

This decrease is caused by the transfer this year of the amounts needed for purchase of Security Equipment and Office Equipment and Appliances to our Capital Vote for Representation Abroad.

94—(12) *Fuel for Heating and Other Materials and Supplies—Increase \$3,390*

This increase is due to the additional amounts needed for heating in the Embassy in Tokyo which will be about twice its previous size and to heat our new Chancery in The Hague.

94—(14) *Repairs and Upkeep of Buildings and Works—Increase \$71,055*

The increase here is to bring this Primary more into line with anticipated and present expenditures. The amount, needed for the fiscal year 1955-56 was substantially underestimated.

94—(15) *Rentals of Buildings and Works—Decrease \$9,129*

This decrease reflects the reductions in rentals due to the Government's policy of purchasing Chanceries and Residences wherever feasible.

94—(17) *Repairs and Upkeep of Equipment—Increase \$27,760*

Due to the Department being involved in an increasing number of furniture programs for Official Residences, and, where it is felt economical and advisable to do so, providing staff residence furnishings in the past several years, the cost of upkeep is increasing.

94—(18) *Rental of Equipment—Decrease \$2,500*

Through the purchase of air conditioning units at some posts, the number rented is being reduced.

94—(19) *Municipal and Public Utility Services—Increase \$16,850*

The increase within this Primary cannot be pinpointed to any one factor as the amount is estimated on present day expenditures. Partial responsibility for this increase can be accounted for by the increase in the cost of electricity resulting from the installation of air conditioning in such posts as Colombo, Cairo and Djakarta and the increased cost of electricity in Port-au-Prince, Haiti, and Dublin, Ireland.

94—(21) *Benefits in Consideration of Personal Services—Increase \$1,170*

This estimate fluctuates from year to year and can only be based on existing regulations pertaining to employment in foreign countries.

94—(22) *Sundries—Decrease \$5,625*

This decrease is entirely based on past and present expenditure patterns.

95—Representation Abroad—Capital—Decrease \$374,983

	Increase \$	Decrease \$
(11) Office Furnishings and Equipment	142,298	
(13) Acquisition, Construction and Improvement of Properties for Offices and Residences Abroad including Land		393,400
(16) Acquisition of Teletype Equipment and Furni- ture and Furnishings for Residences Abroad		182,545
(16) Procurement of Motor Vehicles and other Equipment	29,700	
(16) Basic Household Equipment and Furnishings for Staff Abroad	28,964	
Total Decrease		374,983

95—(11) Office Furnishings and Equipment—Increase \$142,298

For the first time, this year, office equipment and appliances are being provided for in this vote rather than the operational vote. The amount required for these items has been slightly increased this year to cover the cost and installation of a new telephone system in the new Chancery building in Paris. The amount required for office furnishings has also been increased to bring it more in line with present and anticipated expenditures.

95—(13) Acquisition, Construction and Improvement of Properties for Offices and Residences Abroad including Land—Decrease \$393,400

The main decrease in this Primary results from the following facts:

- (a) \$15,000 less is required for work on the construction of the new Chancery in Paris because of the progress being made.
- (b) Similarly there is a decrease of \$72,500 in the amount required for construction of the new Chancery in The Hague.
- (c) For the same reason there is also a decrease of \$167,500 in the amount required for construction work in connection with the addition to the Chancery premises in Japan.
- (d) In 1955-56 our Estimates included \$54,000 to cover the purchase of a Chancery and Hill Station bungalow which purchases have now been completed. (Indonesia.)
- (e) The Unallotted figure for 1956-57 shows a decrease of \$150,000.

95—(16) Acquisition of Teletype Equipment and Furniture and Furnishings for Residences Abroad—Decrease \$182,545.

The decrease within this Primary is brought about by a decrease in the amount required for teletype equipment. Last year, equipment was bought on a bulk scale, in excess of one year's requirements, as it was the only way it could be purchased, on the basis of the favourable unit price obtained.

95—(16) Procurement of Motor Vehicles and Other Equipment—Increase \$29,700.

The increase in the amount here is due to the inclusion of Other Equipment for the first time in the amount of \$5,000 and to the fact that it will be necessary to incur heavier expenditures in 1956-57 for the purchase of motor vehicles since many of the vehicles now in operation at Posts abroad were bought in 1952 and 1953 and should be replaced in the fiscal year 1956-57.

The amount of \$5,000 required for the Other Equipment is to provide for a Voltage Regulation Plant in the Chancery in Bogotá, Colombia, at a cost of \$2,000, and for a generating plant at a cost of \$3,000 in the Chancery in Colombo, Ceylon.

95—(16) *Basic Household Equipment and Furnishings for Staff Abroad—Increase \$28,964.*

This is needed to continue the Department's programme of providing basic heavy electrical equipment and in some cases furnishings, when it is deemed economical and advisable to do so, to reduce removal expenditures.

101—*Grant to Atlantic Treaty Association of Canada—New Item—\$2,500.*

The Atlantic Treaty Association of Canada, which came into being in February 1955, has as its aims (a) to educate and inform the public about NATO; (b) to conduct research into its various activities and purposes; and (c) to promote the solidarity of the peoples of the North Atlantic area. Due to this country's interest in NATO and the potential value of this organization in improving public understanding and stimulating interest in Canada in NATO it is felt that a small grant should be given to increase its activities which have been somewhat limited by its budget.

103—*Assessment for Membership in International Organizations—Increase \$59,359*

	Increase \$	Decrease \$
United Nations Organization	29,256	
Food and Agriculture Organization		26,001
International Labour Organization		26,044
U.N.E.S.C.O.	23,427	
International Civil Aviation Organization	1,946	
World Health Organization	36,658	
Commonwealth Economic Committee	851	
Commonwealth Shipping Committee	21	
General Agreement on Tariffs and Trade	1,755	
North Atlantic Treaty Organization (Cost of Civil Administration.....)	17,490	
Total Increase	59,359	

United Nations Organization—Increase \$29,256

The United Nations budget for 1956 has been substantially increased this year, and on top of this there are supplementary estimates for 1955, which are included in the 1956 assessment, amounting to over \$3 million. Part of the reason for the higher budget is the result of the Conference on the Peaceful Uses of Atomic Energy held in Geneva last year. While our assessment to the U.N. has not changed this year, at the time of compiling the estimates it was thought that with the joining of sixteen new members to the Organization our assessment rate would be reduced and therefore an amount of \$170,000 was deducted from our estimated assessment to cover the reduction in rate. We have now been advised that assessment rates for the 16 new members will not be set until the Eleventh Session of the General Assembly next fall and therefore our rate for this year will remain the same as last year. This means that we will have to ask for approximately \$162,112 U.S. in the First Supplementary Estimates with the possibility that nearly all of this will be refunded in 1957.

Food and Agriculture Organization—Decrease \$26,001

The decreased Canadian assessment reflects the suggested adoption of a new scale of assessments based on the United Nations scale and adjusted to take into account differences in membership between the two organizations. Actually, FAO's budget for 1956 has been increased from \$5,890,000 U.S. for 1955 to \$6,460,000 U.S. while our assessment rate has been reduced from 5.69% to 4.61%.

International Labour Organization—Decrease \$26,044

As in the case of FAO, this decrease is the result of our assessment rate being brought into line with the United Nations scale and is a result of new members joining ILO which has allowed such action to be taken. ILO's budget has increased for 1956 from \$6,990,913 U.S. in 1955 to \$7,395,729 while our assessment rate has decreased from 3.98% to 3.63%.

U.N.E.S.C.O.—Increase \$23,427

The budget for UNESCO for 1956 has been increased from \$9,491,420 U.S. for 1955 to \$10,508,580 U.S. while our assessment rate has stayed the same at 2.77%. This budget was set at the Eighth General Conference of UNESCO in Montevideo in 1954 and the increase results from the expanding programme of the Organization and annual salary increments.

International Civil Aviation Organization—Increase \$1,946

This increase is caused by an increase of \$90,351 in ICAO's budget for 1956 which was necessitated by the Organization having to provide for a major assembly meeting away from headquarters.

World Health Organization—Increase \$36,658

WHO's contributing budget has been increased in 1956 from \$10,049,360 U.S. for 1955 to \$10,778,824 U.S. for 1956 and our assessment rate has been increased from 384 Units to 391 Units. The increase in the budget is due to expansion of WHO's operational programme with particular reference to the field of malaria control.

General Agreement on Tariffs and Trade—Increase \$1,755

This is Canada's estimated assessment for 1957 rather than 1956. As GATT does not keep a Working Capital Fund and their fiscal year is based on the calendar year, it is necessary for them to receive contributions as early as possible in the year. We are therefore asking for Canada's 1956 contributions in the Final Supplementary Estimates of 1955-56 and, beginning with the 1956-57 fiscal year, we will be able to pay our assessment at the beginning of their 1957 fiscal year. The increase is based on our assessment for 1956 which in turn is a result of a slight increase in GATT's operating costs.

North Atlantic Treaty Organization—Increase \$17,490

This increase is based on the calculation that the usual current and capital expenditures required for NATO Civil Headquarters during the Canadian Government's fiscal year 1956-57 will be approximately 10% higher than the amount required for 1955-56 based on past expenditure trends and that the total Canadian share of 5.8% will be paid out of External Affairs Estimates.

104—Contribution towards cost of constructing new NATO Permanent Headquarters—Increase \$80,417

It is estimated that during the period July 1, 1956, to June 30, 1957, the expenditure on construction of the new NATO Permanent Headquarters will be 900,000,000 French francs. On top of this it is estimated that approximately 50,000,000 francs will be needed over and above what was estimated for the period January 1 to June 30, 1956. Our share of the total requirement at 6.08% will be 57,760,000 francs and so we are requesting the amount of 57,800,000 francs.

105—U.N. Expanded Programme for Technical Assistance to Under-Developed Countries—Increase \$350,437

Provision here is made for an amount of \$1,800,000 U.S., an increase of \$300,000 U.S. over last year with the difference of approximately \$50,000 in the Canadian amounts being accounted for by the difference in exchange. With

the continuing progress in the improvement of administrative and financial procedures of the Programme plus the increased support being given by other countries to the Programme, it has been decided to seek an increase in the Canadian contribution.

106—Contribution to the U.N. Children's Fund—Increase \$150,000

Fourteen governments increased their contributions or pledges in 1955 over those of 1954, and in seven of the cases the increases amounts to 50% or more. Bearing in mind the objections of the Fund, its need for a total contribution of \$20,000,000 and the substantial increases in number of governments contributing plus the increases in contributions, it is thought that Canada should make a modest increase in its contribution.

109—I.J.C.—Salaries and Expenses—Decrease \$3,869

	Increase \$	Decrease \$
(1) Salaries .....	....	569
(4) Reporters Fees	200	....
(5) Travelling Expenses .....	....	4,000
(7) Postage .....	....	....
(8) Telephones and Telegrams .....	....	....
(10) Advertising and Public Hearings .....	....	....
(11) Office Stationery, Supplies and Equipment	500	....
(22) Sundries .....	....	....
Total Decrease .....	....	3,869

109—(5)—Travelling Expenses—Decrease \$4,000

This decrease has been made in the light of part and estimated future expenditures.

110—I.J.C.—Studies, Surveys and Investigations—Increase \$87,630

	Increase \$	Decrease \$
Canada's Share of an Investigation on the matter of air pollution in the vicinity of Detroit-Windsor	130	....
Studies and Surveys of the Mid-Western Watershed .....	....	....
Canada's Share of the Expenses of the Lake Ontario Water Levels Reference	4,000	....
Canada's Share of the Expenses of the International St. Lawrence River Board of Control	5,000	....
Canada's Share of the Expenses of the Saint John River Reference	3,500	....
Canada's Share of the Expenses of the St. Croix River Reference	50,000	....
Canada's Share of the Expenses of the proposed Alaska-Yukon Rivers Reference	25,000	....
Total Increase	87,630	....

Lake Ontario Water Levels Reference—Increase \$4,000

The additional amount requested this year reflects the critical situation presently facing the Commission to ensure that the best possible method of regulation is devised suitable to all interested parties.

International St. Lawrence River Board of Control—Increase \$5,000

The increase here is required as the Commission finds itself in an extremely critical period. Construction of the power works and the Seaway has begun and it is essential that the Board of Control have all the necessary data available to ensure that the Order of the Commission will be obeyed during the construction period and afterwards.

Saint John River Reference—Increase \$3,500

The Commission's interim report on the water resources of the Saint John River is in the hands of the Governments and during the fiscal year 1955-56 and preceding one, little work was needed on this reference. However, it is felt that there will be a considerable increase of work during the 1956-57 fiscal year in that the Engineering Board will be required to make special studies of new projects proposed for the Saint John River.

St. Croix River Reference—New \$50,000

Under a Reference from the Governments of Canada and the United States, the I.J.C. was instructed to determine whether greater use than is now being made of the waters of the St. Croix River Basin would be feasible and advantageous. Also, the Commission has been instructed to report to the Governments whether, having regard to the legal, engineering and economic aspects of the matter, further development of the water resources of the Basin are practicable and in the public interest from the point of view of the two Governments.

Alaska-Yukon Rivers Reference—New \$25,000

At present there is little or no factual information on the resources of the Yukon River and it is intended that a preliminary survey should be made of that river.

111—Colombo Plan—Increase \$8,000,000

As agreed with the Governments of Pakistan and India the additional costs of the WARSAK Project in Pakistan and the cost of the NRX Atomic Reactor for India would be provided for over and above our normal Colombo Plan vote. The increase of \$8,000,000 in this Vote is, therefore, to provide for the estimated additional costs of these projects in 1956-57 and also to provide for small capital items and technical assistance to Burma, Malaya, Indonesia and the three Indo-Chinese states.

112—Assessment for Membership in the Intergovernmental Committee for European Migration—Increase \$43,052

The Intergovernmental Committee for European Migration's contributing budget has been increased this year from \$2,025,942 U.S. to \$2,499,475 U.S. due almost entirely to salary increments. While our rate of assessment has been reduced from 8.51% to 8.39% (due to New Zealand and the Federation of Southern Rhodesia and Nyasaland joining the organization) this slight reduction in the rate of assessment has not offset the increase in our contribution due to the increased budget.

114—Grant to the U.N. Relief and Works Agency for Palestine Refugees—New \$500,000

While this appears as a new vote this year, it is not a new item as a grant for the year 1955 was provided in our Final Supplementary Estimates of 1954-55 in the same amount.

115—Participation in the International Commissions for Supervision and Control in Indo-China—Decrease \$140,500

	Increase \$	Decrease \$
(1) Salaries	35,963	....
(2) Allowances	22,723	....
(5) Courier Service
(5) Travelling Expenses
(6) Freight, Express and Cartage	19,000
(7) Postage	231
(8) Telephones, Telegrams and Other Communication Services	142,750
(11) Office Stationery, Supplies and Equipment	7,700
(12) Materials and Supplies	1,000
(19) Municipal and Public Utility Services	7,900
(22) Sundries	20,605
Total Decrease	140,500

115—(1) Salaries—Increase \$35,963

This increase is due to the increase in staff that it is anticipated will be required for the Electoral Commission and additional positions needed for replacement of officers and staff during illness or leave.

115—(2) Allowances—Increase \$22,723

The increase in allowances is due in general to the increase in staff.

115—(6) Freight, Express and Cartage—Decrease \$19,000

This decrease is based on the experience of one year's expenditure figures.

115—(8), (11), (12), (19) and (22)

As above, these decreases are based on the experience of one year's expenditures.

Appropriation not required for 1956-57	1956-57	1955-56	Increase	Decrease
Grant to Intergovernmental Committee for European Migration for the resettlement of refugees of European origin now in China	50,000	....	50,000

The following sheets contain the detailed comparative statements as listed below:—

Appendix "A"—Comparison by Votes

Appendix "B"—Departmental Administration—Comparison by Primaries and Objects

Appendix "C"—Passport Office Administration—Comparison by Primaries and Objects

Appendix "D"—Representation Abroad—Operational Expenses—Comparison by Primaries

Appendix "E"—Representation Abroad—Operational and Capital—Comparison by Posts

Appendix "F"—Canadian Government's Assessment for Membership in International Organizations

DEPARTMENT OF EXTERNAL AFFAIRS

COMPARISON BY VOTES

Vote No.		1956-57	1955-56	1955-56	1954-55
		Main Estimates	Estimated Expenditures	Estimates	Expenditures
		\$	\$	\$	\$
(S)	Secretary of State for External Affairs— Salary and Motor Car Allowance.....	17,000	17,000	17,000	17,000

DEPARTMENT AND MISSIONS
ABROAD

92	Departmental Administration.....	4,379,430	3,499,999	3,827,769	3,224,073
93	Passport Office Administration.....	275,251	238,627	253,779	247,224
94	Representation Abroad—Operational.....	7,210,961	6,416,338	6,700,339	5,977,166
95	Representation Abroad—Capital.....	1,987,207	1,650,828	2,362,190	1,146,155
96	To Provide for Official Hospitality.....	30,000	42,000	30,000	31,315
97	To Provide for Relief and Repatriation of Distressed Canadian citizens abroad etc. (Part Recoverable).....	15,000	8,000	15,000	5,561
98	Canadian Representation at International Con- ferences.....	200,000	198,000	200,000	221,087
99	Grant to the United Nations Association in Canada.....	11,000	11,000	11,000	11,000
100	Grant to the International Committee of the Red Cross.....	15,000	15,000	15,000	15,000
101	Grant to the Atlantic Treaty Association of Canada.....	2,500	—	—	—
102	To Authorize and Provide for Fellowships and Scholarships.....	125,000	120,000	125,000	114,230
		14,251,349	12,199,792	13,540,077	10,992,811
	Total, Department and Missions Abroad....	14,268,349	12,216,792	13,557,077	11,009,811

B—GENERAL

103	To Provide for the Canadian Government's Assessment for Membership in International (including Commonwealth) Organizations...	2,977,569	2,962,093	2,918,210	2,889,566
104	To Provide for a Further Contribution towards the cost of constructing the N.A.T.O. Per- manent Headquarters.....	165,077	85,680	84,660	35,150
105	To Provide for a Contribution to the United Nations Expanded Programme for Technical Assistance.....	1,798,875	1,479,844	1,448,438	1,468,689
106	Contribution to the United Nations Children's Fund.....	650,000	500,000	500,000	500,000
		5,591,521	5,027,617	4,951,308	4,893,405
107	To Provide for Special Administrative Ex- penses, including Payment of Remuneration, in connection with Canadians on N.A.T.O. Strength (Part Recoverable).....	35,484	20,036	34,383	18,746
108	To Provide I.C.A.O. with Office Accommoda- tion.....	200,543	201,871	201,872	200,218

PENSIONS AND OTHER BENEFITS

(S)	Annuity to Mrs. Helen Young Roy.....	1,667	1,667	1,667	1,667
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STANDING COMMITTEE

DEPARTMENT OF EXTERNAL AFFAIRS

COMPARISON BY VOTES

Vote No.		1956-57	1955-56	1955-56	1954-55
		Main	Estimated	Estimates	Expenditures
		Estimates	Expenditures	Estimates	Expenditures
		\$	\$	\$	\$
INTERNATIONAL JOINT COMMISSION					
109	Salaries and Expenses of the Commission.....	100,745	98,000	104,614	82,891
110	To Provide for Canada's Share of the Expenses Of Studies, Surveys and Investigations of the I.J.C.....	199,180	79,000	111,550	66,106
	Total—International Joint Commission.....	299,925	177,000	216,164	148,997
TERMINABLE SERVICES					
111	Colombo Plan.....	34,400,000	26,400,000	26,400,000	25,400,000
112	Assessment for Membership in the Inter- Governmental Committee for European Migration.....	209,534	169,984	166,482	167,879
113	To Provide for a Grant to the United Nations Refugee Fund.....	125,000	125,000	125,000	—
114	Contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.....	500,000	—	—	500,000
115	To Provide for the Cost of Canada's Participa- tion as a Member of the International Com- missions for Supervision and Control in Indo-China.....	564,500	503,422	705,000	194,309
	Appropriations not required.....	—	200,000	50,000	1,242,890
	Total Terminable Services.....	35,799,034	27,398,406	27,446,482	27,505,078
	Total B—General.....	41,928,174	32,826,597	32,851,876	32,768,111

DEPARTMENT OF EXTERNAL AFFAIRS

COMPARISON BY VOTES

	1956-57	1955-56	1955-56	1954-55
	Main	Estimated	Estimates	Expenditures
	Estimates	Expenditures	Estimates	Expenditures
	\$	\$	\$	\$
<i>Summary I—</i>				
Total—A—Department and Missions Abroad.	14,268,349	12,216,792	13,557,077	11,009,811
Total—B—General.....	41,928,174	32,826,597	32,851,876	32,768,111
GRAND TOTAL.....	56,196,523	45,043,389	46,408,953	43,777,922

Summary II—

To be Voted.....	56,177,856	45,024,722	46,390,286	43,759,255
Authorized by Statute.....	18,667	18,667	18,667	18,667
	56,196,523	45,043,389	46,408,953	43,777,922

APPENDIX "B"

Vote 92

DEPARTMENTAL ADMINISTRATION

COMPARISON BY PRIMARIES AND OBJECTS

	Primary	1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
<i>Salaries (1)</i>					
Permanent Positions.....		2,452,800	1,981,347	2,109,103	1,190,384
Temporary Assistance.....					700,803
		2,452,800	1,981,347	2,109,103	1,891,187
Less—Positions which will probably be vacant due to staff turnover.....		65,000		25,000	
Total..... (1)		2,387,800	1,981,347	2,084,103	1,891,187
<i>Allowances (2)</i>					
Allowances..... (2)		300	964	8,475	10,070
<i>Professional and Special Services (4)</i>					
Legal Services.....		25,000	3,486	55,000	9,214
Press News Service.....		1,200	1,200	1,200	1,200
Other Professional and Special Services..		11,000	1,057	7,500	5,567
Tuition and Examination Fees (Languages)		2,000	1,340	3,000	681
Total..... (4)		39,200	7,083	66,700	16,662
<i>Travelling and Removal Expenses (5)</i>					
Travelling Expenses and Transportation Costs.....		45,000	43,407	45,000	50,896
Removal and Home Leave Expenses.....		491,675	453,598	448,000	414,796
Courier Service.....		89,000	30,540	75,000	31,344
Local Transportation Costs.....			386		122
Total..... (5)		625,675	527,931	568,000	497,158
<i>Freight, Express and Cartage (6)</i>					
Freight, Express and Cartage..... (6)		15,500	8,325	18,500	9,106
<i>Postage (7)</i>					
Postage..... (7)		60,000	57,901	69,500	60,698
<i>Telephones, Telegrams and Other Communica- tion Services (8)</i>					
Telephones.....		7,000	6,696	7,000	6,428
Telegrams, Cables and Wireless.....		150,000	112,149	100,000	99,171
Rental of Teletype Equipment.....		101,540	86,122	87,811	81,280
Carriage of Diplomatic Mail.....		200,000	190,889	200,000	203,801
Grant to N.R.C.....		279,320	150,000	150,000	
Total..... (8)		737,860	545,856	544,811	390,680
<i>Publication of Departmental Reports and Other Material (9)</i>					
"External Affairs" Monthly Bulletin.....		23,000	22,500	23,000	22,323
Canada Leaflet and Canada from Sea to Sea.....		55,000	45,000	45,000	6,722
Treaty Series.....		6,000	5,500	10,000	3,976
Other Publications.....		28,200	20,000	22,700	37,881
Total..... (9)		112,200	93,000	100,700	70,902

STANDING COMMITTEE

DEPARTMENTAL ADMINISTRATION—*Concluded*COMPARISON BY PRIMARIES AND OBJECTS—*Concluded*

		1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
<i>Displays, Films and Other Informational Material (10)</i>					
Photographs.....		23,450	18,000	29,050	22,079
Other Informational Material.....		28,200	26,126	22,600	14,692
Total.....	(10)	51,650	44,126	51,650	36,771
<i>Office Stationery, Supplies and Equipment (11)</i>					
Printing Office Forms, etc.....		30,000	26,982	34,000	24,273
Stationery, Office Supplies.....		79,750	68,996	73,250	73,622
Purchase of Office Equipment and Appli- ances.....		9,900	13,550	16,950	13,384
Subscriptions to Newspapers.....		7,000	6,782	7,000	5,186
Library Purchases.....		8,050	6,453	6,550	6,363
Microfilming.....		775		760	
Total.....	(11)	135,475	122,763	138,510	122,828
<i>Materials and Supplies (12)</i>					
Gas and Oil for Motor Vehicles.....		1,500	574	1,500	553
Publications for distribution.....		51,000	30,303	31,100	23,187
Other Materials and Supplies.....		10,000	1,172	10,000	9,353
Total.....	(12)	62,500	42,049	42,600	33,093
<i>Acquisition of Equipment (16)</i>					
Motor Vehicles.....					3,189
Teletype Equipment.....		65,070	1,031	58,900	19,580
Total.....	(16)	65,070	1,031	58,900	22,769
<i>Repairs and Upkeep of Equipment (17)</i>					
Repairs and Upkeep of Motor Vehicles...		1,200	584	1,200	665
Repairs and Upkeep of Teletype Equip- ment.....		45,000	37,120	39,120	30,928
Total.....	(17)	46,200	37,704	40,320	31,593
<i>Sundries (22)</i>					
Profit and Loss on Exchange.....		1,500	398	1,500	
Compensation for personal effects lost in travel.....		10,000	1,362	10,000	1,450
Sundry Supplies and Services.....		28,500	28,159	23,500	29,106
Total.....	(22)	40,000	29,919	35,000	30,556
GRAND TOTALS.....		4,379,430	3,499,999	3,827,769	3,224,073

APPENDIX "C"

Vote 93

PASSPORT OFFICE ADMINISTRATION

COMPARISON BY PRIMARIES AND OBJECTS

		1956-57	1955-56	1955-56	1954-55
	Primary	Main Estimates	Estimated Expendi- tures	Estimates	Expendi- tures
<i>Salaries (1)</i>					
Permanent Positions.....		164,995	148,703	159,334	68,989
Temporary Assistance.....					84,224
Total.....	(1)	164,995	148,703	159,334	153,213
<i>Postage (7)</i>					
Postage.....	(7)	25,000	18,500	25,000	18,000
<i>Office Stationery, Supplies and Equipment (11)</i>					
Microfilming Supplies.....		5,600	866	2,200	2,417
Printing, Office Forms, etc.....		75,470	67,575	59,650	70,582
Stationery and Office Supplies.....		2,185	2,200	2,270	2,352
Purchase of Office Equipment, etc.....		1,726	582	5,050	469
Total.....	(11)	84,981	71,223	69,170	75,820
<i>Sundries (22)</i>					
Sundry Supplies and Services.....	(22)	275	201	275	191
GRAND TOTAL.....		275,251	238,627	253,779	247,224

STANDING COMMITTEE

APPENDIX "D"

Vote 94

REPRESENTATION ABROAD—OPERATIONAL EXPENSES

COMPARISON BY PRIMARIES

		1956-57 Main	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
	Primary	Estimates			
Salaries and Wages.....	(1)	3,248,387	2,905,429	2,984,374	2,702,123
Allowances.....	(2)				
Allowances for living including cost of repre- sentation.....	(2)	1,093,669		1,027,399	
Allowances to meet higher cost of living abroad.....	(2)	1,149,914	2,049,196	1,078,165	1,883,621
Professional and Special Services.....	(4)	75,621	43,280	75,000	65,342
Travelling Expenses.....	(5)	90,515	74,415	88,105	69,868
Freight, Express and Cartage.....	(6)	42,950	37,632	42,475	39,398
Postage.....	(7)	40,985	33,923	40,320	32,158
Telephones, Telegrams and Other Communi- cation Services.....	(8)	242,180	172,519	189,830	173,976
Office Stationery, Supplies and Equipment...	(11)	142,600	202,557	193,502	190,341
Fuel for Heating and Other Materials and Supplies.....	(12)	144,975	103,398	141,585	109,307
Repairs and Upkeep of Buildings and Works.	(14)	146,050	87,136	74,995	67,860
Rentals of Buildings and Works.....	(15)	516,520	507,120	525,649	464,062
Repairs and Upkeep of Equipment.....	(17)	92,760	47,676	65,000	45,555
Rental of Equipment.....	(18)	2,500	4,524	5,000	1,681
Municipal and Public Utility Services.....	(19)	115,400	81,704	98,550	80,598
Benefits, etc.....	(21)	32,355	30,800	31,185	23,920
Sundries.....	(22)	33,580	35,029	39,205	27,356
GRAND TOTALS.....		\$7,210,961	\$6,416,338	\$6,700,339	\$5,977,166

APPENDIX "E"

REPRESENTATION ABROAD—OPERATIONAL AND CAPITAL

COMPARISON BY POSTS

		1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
Argentina.....	Operational	125,727	106,747	115,119	107,969
	Capital.....	56,322	6,522	31,750	962
		182,049	113,269	146,869	108,931
Australia.....	OP	117,287	94,033	95,266	85,662
	CAP	21,490	15,519	14,675	16,105
		138,777	109,552	109,941	101,767
Austria.....	OP	66,257	54,559	69,651	43,974
	CAP	56,250	1,554	25,750	1,739
		122,507	56,113	95,401	45,713
Belgium.....	OP	182,648	151,353	169,400	153,323
	CAP	21,056	6,093	16,800	224,954
		203,704	157,446	186,200	378,277
Brazil.....	OP	106,848	112,141	131,839	102,622
	CAP	39,192	93,884	88,250	341,327
		146,040	206,025	220,089	443,949
Ceylon.....	OP	89,140	82,155	79,052	62,427
	CAP	23,400	20,946	20,500	5,164
		112,540	103,101	99,552	67,591
Chile.....	OP	61,354	52,756	64,026	56,520
	CAP	10,058	2,777	11,300	3,827
		71,412	55,533	75,326	60,347
China—Nanking.....	OP	6,305	5,258	7,035	4,673
Colombia.....	OP	87,695	71,985	88,135	78,081
	CAP	7,157	3,389	4,850	1,126
		94,852	75,374	92,985	79,207
Cuba.....	OP	87,640	84,330	84,810	76,520
	CAP	4,990	4,360	4,550	5,480
		92,630	88,690	89,360	82,000
Czechoslovakia.....	OP	136,502	102,227	106,271	107,618
	CAP	2,775	1,395	4,800	9,737
		139,277	103,622	111,071	117,355
Denmark.....	OP	90,549	69,912	77,193	63,272
	CAP	2,925	6,286	1,800	4,598
		93,474	76,198	78,993	67,870

STANDING COMMITTEE

REPRESENTATION ABROAD—OPERATIONAL AND CAPITAL—*Continued*COMPARISON BY POSTS—*Continued*

		1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
Dominican Republic.....	OP CAP	34,345 4,360	24,392 3,897	38,652 3,800	9,911 12,423
		38,705	28,289	42,452	22,334
Egypt.....	OP CAP	107,850 32,500	87,394 4,334	115,047 26,500	40,959 21,570
		140,350	91,728	141,547	62,529
Finland.....	OP CAP	51,911 3,490	47,487 10,891	47,382 6,300	32,882 537
		55,401	58,378	53,682	33,419
France.....	OP CAP	478,681 264,845	408,466 68,659	450,649 253,000	412,033 26,773
		743,526	477,125	703,649	438,806
France—NAC and OEEC.....	OP CAP	259,696 2,220	255,338 5,678	251,176 3,000	219,293 6,149
		261,916	261,016	254,176	225,442
Germany—Berlin.....	OP CAP	31,433 425	26,725 1,612	31,951 2,250	19,130 979
		31,858	28,337	34,201	20,109
Germany—Bonn.....	OP CAP	208,360 8,240	176,825 8,640	201,937 19,400	182,587 7,394
		216,600	185,465	221,337	189,981
Greece.....	OP CAP	129,178 6,500	100,043 3,433	109,783 16,300	84,589 8,996
		135,678	103,476	126,083	93,585
Haiti.....	OP CAP	49,435 5,700	50,151 1,668	44,812 3,200	25,969 12,856
		55,135	51,819	48,012	38,825
India.....	OP CAP	231,756 53,675	201,405 24,252	225,659 10,500	158,126 8,151
		285,431	225,657	236,159	166,277
Indonesia.....	OP CAP	88,053 7,681	56,533 18,763	82,460 69,200	71,630 171,729
		95,734	75,296	151,660	243,359
Ireland.....	OP CAP	60,663 4,987	45,605 8,724	51,685 3,600	52,426 644
		65,650	54,329	55,285	53,070

REPRESENTATION ABROAD—OPERATIONAL AND CAPITAL—Continued

COMPARISON BY POSTS—Continued

		1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
Israel.....	OP CAP	77,416 9,184	61,778 2,860	64,738 10,800	43,888 15,554
		86,600	64,638	75,538	59,442
Italy.....	OP CAP	181,271 21,961	164,117 395,866	175,477 29,000	160,384 909
		203,232	559,983	204,477	161,293
Japan.....	OP CAP	254,142 106,405	216,617 353,107	203,127 215,500	193,758 32,625
		360,547	569,724	418,627	226,383
Lebanon.....	OP CAP	57,704 10,284	49,530 4,538	59,675 11,600	39,015 34,028
		67,988	53,868	71,275	73,043
Mexico.....	OP CAP	107,458 3,047	97,051 5,751	100,803 4,700	86,676 4,673
		110,505	102,802	105,503	91,349
The Netherlands.....	OP CAP	152,237 93,460	116,500 146,354	120,913 164,250	110,869 9,216
		245,697	262,854	285,163	120,085
New Zealand.....	OP CAP	78,643 12,800	74,211 4,837	70,190 7,600	71,705 4,307
		91,443	79,048	77,790	76,012
Norway.....	OP CAP	98,580 19,750	86,277 200,669	81,821 5,850	76,831 7,433
		118,330	286,946	87,671	84,264
Pakistan.....	OP CAP	159,069 18,060	119,587 45,247	140,154 62,300	104,662 12,742
		177,129	164,834	202,454	117,404
Peru.....	OP CAP	65,354 5,165	58,639 20,868	66,256 2,050	57,718 108
		70,519	79,507	68,306	57,826
Poland.....	OP CAP	151,828 5,075	123,565 6,443	137,087 1,300	106,732 3,667
		156,903	130,008	138,387	110,399
Portugal.....	OP CAP	76,373 58,159	67,643 11,588	54,943 350	34,539 770
		134,532	79,231	55,293	35,309

STANDING COMMITTEE

REPRESENTATION ABROAD—OPERATIONAL AND CAPITAL—*Continued*COMPARISON BY POSTS—*Continued*

		1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
South Africa.....	OP CAP	83,937 3,550	74,659 4,107	76,579 2,300	70,906 6,026
		87,487	78,766	78,879	76,932
Spain.....	OP CAP	114,311 9,894	89,196 5,513	102,995 17,750	88,408 5,009
		124,205	94,709	120,745	93,417
Sweden.....	OP CAP	80,428 6,525	68,009 4,054	81,728 1,500	72,260 1,126
		86,953	72,063	83,228	73,386
Switzerland.....	OP CAP	76,830 10,033	81,443 2,802	78,323 8,725	71,523 14,548
		86,863	84,245	87,048	86,071
Turkey.....	OP CAP	137,919 11,900	116,808 8,466	119,493 18,000	104,789 289
		149,819	125,274	137,493	105,078
U.S.S.R.....	OP CAP	310,031 15,320	274,075 4,697	284,475 2,100	267,743 4,179
		325,351	278,772	286,575	271,922
United Kingdom.....	OP CAP	513,812 14,400	374,451 9,451	431,120 11,500	418,684 10,608
		528,212	383,902	442,620	429,292
P.M.U.N. Switzerland.....	OP CAP	129,273 17,205	66,607 3,159	93,839 17,600	61,683 13,855
		146,478	69,766	111,439	75,538
P.M.U.N. New York.....	OP CAP	136,476 42,750	123,500 6,270	118,811 300	120,571 354
		179,226	129,770	119,111	120,925
U.S.A.....	OP CAP	483,068 14,046	430,241 7,189	497,319 43,600	441,568 23,726
		497,114	437,430	540,919	465,294
Uruguay.....	OP CAP	42,193 1,580	39,366 3,366	44,330 3,700	33,033 367
		43,773	42,732	48,030	33,400
Venezuela.....	OP CAP	133,657 3,287	118,273 3,636	125,683 4,950	123,103 2,980
		136,944	121,909	130,633	126,083
Yugoslavia.....	OP CAP	127,445 4,245	83,434 16,922	94,876 6,750	80,905 4,668
		131,690	100,356	101,626	85,573
TOTAL DIPLOMATIC MISSIONS.....		7,877,091	7,244,233	7,459,895	6,401,136

REPRESENTATION ABROAD—OPERATIONAL AND CAPITAL—*Concluded*COMPARISON BY POSTS—*Concluded*

		1956-57 Main Estimates	1955-56 Estimated Expendi- tures	1955-56 Estimates	1954-55 Expendi- tures
CONSULATES					
Boston.....	OP	90,828	82,380	84,892	69,494
	CAP	1,750	191	5,300	8,362
		92,578	82,571	90,192	77,856
Chicago.....	OP	105,997	97,269	104,072	88,884
	CAP	4,684	16,965	5,425	6,202
		110,081	114,234	109,497	95,086
Detroit.....	OP	15,103	8,109	7,697	7,364
	CAP	425	—	—	—
		15,528	8,109	7,697	7,364
Los Angeles.....	OP	100,467	85,668	88,997	81,997
	CAP	3,365	506	1,200	2,673
		103,832	86,174	90,197	84,670
Manila.....	OP	675	698	950	537
New Orleans.....	OP	59,508	16,258	475	266
	CAP	1,575	9,708	—	—
		61,083	25,966	475	266
New York.....	OP	289,206	263,621	270,077	250,997
	CAP	5,590	7,713	5,200	5,472
		294,796	271,334	284,277	256,469
Portland.....	OP	1,500	1,215	1,500	1,463
San Francisco.....	OP	107,326	90,756	106,310	94,297
	CAP	5,770	2,201	2,100	4,756
		113,096	92,957	108,410	99,053
Sao Paulo.....	OP	7,683	5,658	5,901	5,308
	CAP	—	—	—	246
		7,683	5,658	5,901	5,554
Seattle.....	OP	91,275	72,613	79,073	71,032
	CAP	1,325	2,136	1,000	3,026
		92,600	74,749	80,073	74,058
Shanghai.....	OP	2,625	128	2,650	302
Miscellaneous Unallotted to Missions.....	OP	—	48,568	—	11,076
	CAP	—	10,572	—	8,431
		896,077	822,933	781,819	722,185
Unallotted Capital Items.....		805,000	—	1,045,815	—
Gross Total.....		9,578,168	8,067,166	9,287,529	7,123,321
Less amount by which Salaries and Allowances will probably fall short of Estimates.....		380,000	—	225,000	—
GRAND TOTAL.....		9,198,168	8,067,166	9,062,529	7,123,321
Recapitulation—					
Operational Expenses.....		7,210,961	6,416,338	6,700,339	5,977,166
Capital Items.....		1,987,207	1,650,828	2,362,190	1,146,155
		9,198,168	8,067,166	9,062,529	7,123,321

APPENDIX "F"

APPENDIX "F" CANADIAN GOVERNMENT'S ASSESSMENT FOR MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS

Organization	Year	Budget	Amount	Percentage	U.S.A. U.S.S.R. U.K. France Germany China Canada	Contribution of member States to 1936 budget
United Nations.....	1952	41,696,980 U.S.	1,396,849 U.S.	3-35%	U.S.A.	33-33%
	1953	44,200,000 U.S.	1,406,884 U.S.	3-30%	U.S.S.R.	15-28%
	1954	41,300,000 U.S.	1,321,184 U.S.	3-30%	U.K.	8-55%
	1955	39,640,000 U.S.	1,438,932 U.S.	3-63%	France	6-23%
	1956	48,330,000 U.S.	1,433,930 U.S.	3-63%*	China	5-62%
					Canada	3-63%
	* Less \$162,112 re New Members which is \$1,596,042.					
Food and Agriculture Organization (FAO).....	1952	5,225,000 U.S.	237,215 U.S.	4-54%	U.S.A.	30-00%
	1953	5,200,000 U.S.	246,568 U.S.	4-76%	U.K.	10-49%
	1954	5,925,000 U.S.	338,346 U.S.	5-71%	France	7-49%
	1955	5,890,000 U.S.	335,141 U.S.	5-69%	Germany (Fed. Rep.)	5-66%
	1956	6,460,000 U.S.	297,806 U.S.	4-61%	Canada	4-61%
International Labour Organization (ILO).....	1952	6,470,639 U.S.	239,321-09 U.S.	4-03%	U.S.A.	25-00%
	1953	6,469,085 U.S.	216,159-00 U.S.	3-98%	U.K.	10-6%
	1954	6,556,887 U.S.	234,566-35 U.S.	3-98%	U.S.S.R.	10-00%
	1955	6,990,913 U.S.	270,206-11 U.S.	3-98%	France	6-21%
	1956	7,395,729 U.S.	235,021-49 U.S.	3-63%*	Germany (Fed. Rep.)	4-35%
					Canada	3-63%
	* Less \$33,443 representing a credit held by I.L.O.					
International Civil Aviation Organization (ICAO).....	1952	3,265,865 Can.	128,312 Can.	4-54%	U.S.A.	500 Units
	1953	3,259,384 Can.	138,980 Can.	4-93%	U.K.	157 "
	1954	3,200,000 Can.	136,765 Can.	5-00%	France	115 "
	1955	3,223,100 Can.	126,463 Can.	5-00%	Canada	72 "
	1956	3,313,451 Can.	128,409 Can.	4-80%		
U.N. Educational Scientific and Cultural Organization (UNESCO)	1952	8,718,000 U.S.	319,022 U.S.	3-67%	U.S.A.	30-00%
	1953	8,538,551 U.S.	336,039 U.S.	3-53%	U.S.S.R.	13-57% (Fed. Rep.)
	1954	9,461,449 U.S.	334,935 U.S.	3-54%	U.K.	7-96% India
	1955	9,491,420 U.S.	262,912 U.S.	2-77%	France	5-31% Canada
	1956	10,508,580 U.S.	291,088 U.S.	2-77%	China	5-06%
World Health Organization (WHO).....	1952	8,600,000 U.S.	260,299 U.S.	3-30%	U.S.A.	31-61%
	1953	8,980,200 U.S.	268,854 U.S.	3-34%	U.K.	1285 Units
	1954	8,963,000 U.S.	268,340 U.S.	3-34%	U.S.S.R.	1000 "
	1955	10,049,360 U.S.	300,280 U.S.	3-35%	France	707 "
	1956	10,778,824 U.S.	326,820 U.S.	3-30%	Germany (Fed. Rep.)	414 "
					Canada	391 "
General Agreement on Tariffs and Trade (GATT).....	1952	312,302-25 U.S.	13,346-25 U.S.	4-31%	U.K.	20 Units
	1953	353,650 U.S.	15,000 U.S.	4-27%	U.S.A.	20 "
	1954	351,000 U.S.	15,000 U.S.	4-27%	France	7 "
	1955	351,000 U.S.	15,000 U.S.	4-27%	Canada	5 "
	1956	383,500 U.S.	16,250 U.S.	4-24%		

Canada, External Affairs, Standing Committee
On, 1956
HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

TUESDAY, APRIL 24, 1956

MAIN ESTIMATES—DEPARTMENT OF EXTERNAL AFFAIRS

Statement by The Honourable L. B. Pearson, Secretary of State
for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.

and Messrs.

Arsenault	Garland	MacInnis
Balcer	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Bell	<i>Jean</i>)	Macnaughton
Breton	Goode	McMillan
Cannon	Hansell	Montgomery
Cardin	Henry	Patterson
Coldwell	Huffman	Pearkes
Crestohl	James	Richard (<i>Ottawa East</i>)
Decore	Jutras	Stafr
Diefenbaker	Knowles	Stick
Fleming	Lusby	Stuart (<i>Charlotte</i>)
	MacEachen	Studer—35.

(Quorum 10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 24, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Arsenault, Boisvert, Breton, Cannon, Crestohl, Decore, Diefenbaker, Fleming, Garland, Gauthier (*Lac-St-Jean*), Goode, Henry, James, Jutras, Knowles, Lusby, MacKenzie, Macnaughton, McMillan, Montgomery, Patterson, Pearkes, Starr, Stick, Stuart (*Charlotte*).—(25).

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs, Mr. R. M. Macdonnell, Deputy Under-Secretary of State, Mr. A. A. Day, Special Assistant to the Secretary of State for External Affairs.

Mr. Pearson replied to questions asked him at a previous meeting held Friday, April 20th, and during the course of discussion which followed, touched on the following subjects:

1. The address of the Ambassador of the United States to Canada at Vancouver, April 16, 1956;
2. Recognition of the Communist Government of China;
3. The North Atlantic Treaty Organization—(economic and political aspects);
4. Alaska—(power developments and fisheries);
5. Indo-China—The Canadian Truce Mission;
6. The Canada-United States border—The Rush-Bagot Agreement.

Questioning of the Honourable Mr. Pearson continuing, the Committee adjourned at 12.45 p.m. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

TUESDAY, April 24, 1956.
11.00 a.m.

The CHAIRMAN: Order gentlemen. Having a quorum, we will proceed.

Before we adjourned on the last occasion a question was brought up by Mr. Goode and as we had no quorum then we decided to leave the matter in abeyance until this morning. I do not know whether Mr. Goode intends to proceed with his question; it is up to him to tell us his intention.

Mr. FLEMING: Were there not a couple of points on which the minister was going to bring us information this morning?

The CHAIRMAN: Yes, but I think we should dispose of this matter first.

Mr. FLEMING: Would it not be as well to get the information first?

The CHAIRMAN: I think Mr. Goode told me he would not insist with regard to the statement he made—

Mr. FLEMING: Would he rather discuss the matter in advance of getting the information?

Mr. STICK: Questions with regard to which notice has been given are usually dealt with first, before a statement is made.

Mr. DIEFENBAKER: I would say we should hear from the minister first.

The CHAIRMAN: If it is the pleasure of the committee to hear the minister's answer to a few questions which were not answered at the last meeting, I think the minister would have no objection.

Mr. GOODE: Are these the questions which Mr. Diefenbaker and Mr. Fleming were asking with regard to the Stuart speech?

The CHAIRMAN: Yes.

Mr. GOODE: Then I think, Mr. Chairman, that although it is not an important statement I wish to make, several members of the committee took cognizance of the fact that both Mr. Diefenbaker and Mr. Fleming stated they had taken exception to certain statements in Mr. Stuart's speech, and that members of the committee had asked the two hon. gentlemen to state their objections. They refused to do so at that time, and I take it that they still refuse to do so until Mr. Pearson's statement is made.

I therefore take the position that they have no objections to that speech—no stated objection—or that they are not willing to give them to this committee because they are not based on good fact; and that they intend, when Mr. Pearson makes his answer, to base their objections entirely on the answers which the minister gives to this committee.

Mr. FLEMING: The only comment I have to make on that, is that it is just cheerful nonsense.

Mr. GOODE: At least it is cheerful.

Mr. FLEMING: When I say it is "cheerful", I think it is ludicrous. It has always been a simple matter of procedure with me, in attending committees, to get the information first and to make comments afterwards when necessary; but Mr. Goode is anxious to reverse the process and put the cart before the horse. We asked, at the last meeting, that the minister should impart to the

committee certain information which is available to him and not, I understand, to Mr. Goode; and when that information is forthcoming I take it, Mr. Chairman, that in the ordinary course of our proceedings all observations with regard to it, which are proper, can be made. I do not, however, intend to be turned aside from the course which was laid out in seeking essential information on that important matter, which has attracted very widespread attention in Canada, by this transparent and ludicrous attempt to sidetrack the issue. There will be plenty of opportunity for comment and I take it proper use will be made of that opportunity when the minister has imparted to the committee the information which we think he should have in his possession.

Mr. GOODE: Before I can allow that statement to lie—the fact remains that Mr. Fleming has made statements in this committee and elsewhere that the party he represents had some objections to Mr. Stuart's speech. He has not told this committee what those objections are, and evidently he refuses to do so. I take the position that he is going to base his protest entirely on what the minister tells us today—if the minister tells us anything—and I still maintain that statement.

Mr. FLEMING: You can maintain it to your heart's content; it is not going to change the course I propose to follow in the slightest degree.

Mr. GOODE: You are entitled to your opinion; I am entitled to mine.

Hon. LESTER B. PEARSON (*Secretary of State*): There were I think three specific questions asked me in connection with the speech of the United States Ambassador and arising out of the statement I made concerning that speech at the last meeting of the committee. The first was: when did the minister in the Canadian embassy call on the Department of State in respect of this speech? The answer to that is at 4 p.m. on April 18, namely two days after the delivery of the speech.

Mr. KNOWLES: Two days less one hour.

Hon. Mr. PEARSON: Twenty three hours.

Mr. KNOWLES: Forty seven hours.

Hon. Mr. PEARSON: The second question—which I will try to answer more accurately—was whether the text of the speech had been cleared by the Department of State.

I cannot answer that question because it would mean we would have to ask the Department of State whether they had cleared a speech given by their own representative in another country, and their reaction to that kind of question would, I suggest, be the same as ours would be in the Department of External Affairs if a foreign representative asked us if one of our representatives had cleared with us a speech before he delivered it. Our reply to a question of that kind would be: that is our business.

Mr. Stuart made this speech as a representative of his government, and I do not think it would be appropriate for us to go further into the matter than that. He spoke as the ambassador of the United States in Canada. I have said that it is a quite normal practice for ambassadors to send a copy of the text to their own foreign offices before speeches are made.

Mr. FLEMING: I think the minister has intimated that for this purpose he is prepared to assume that was done.

Hon. Mr. PEARSON: I am quite willing to assume that this speech was referred to the Department of State before it was delivered. It was, for instance, referred to the Department of External Affairs in Ottawa and to the press gallery here before it was given, so I assume it was in Washington before it was given.

Mr. KNOWLES: By "refer" in this instance you simply mean that copies have been made available.

Hon. Mr. PEARSON: Yes.

Mr. FLEMING: When? I got the impression at the last meeting that the copy had just come in on the day of the delivery of the speech.

Hon. Mr. PEARSON: As far as I know copies were available in Ottawa the morning of the day the speech was delivered.

Mr. FLEMING: On the 16th of April—and that was the day on which it came into the Department of External Affairs here?

Hon. Mr. PEARSON: That is right.

Mr. STICK: Did Mr. Stuart say definitely in his address that he was expressing the views of his government? I do not recall any such remark. He simply delivered the address without stating: these are the views of my government, as ambassadors sometimes do.

Hon. Mr. PEARSON: I would prefer merely to say he spoke as representative of his government in Canada.

The third question asked was: what passages of the speech did the Canadian minister in Washington bring to the attention of the Department of State? I have had a report on the interview from the minister at the Washington embassy. As I mentioned the other day, the approach made by the representative of our embassy to the Department of State was informal. There was no question of a protest or of formal diplomatic representations in regard to the speech. The Canadian minister went over the speech informally with a representative of the Department of State and drew his attention to one or two passages which—in the language I used in my statement the other day—seemed unfortunately likely to create controversy in Canada because of the fact—and I emphasized this—that the speech had been given by a diplomatic representative of the United States. As I mentioned the other day, if this speech had been given by a political or private personage the Department of External Affairs would have had no particular official concern with it at all.

This friendly and informal conversation which took place in the State Department should not I think be made public. If we gave publicity to our side of that conversation it would naturally be only fair to make public also anything which the United States representative said. This was a diplomatic conversation and I think it would be prejudicial to the kind of frank and free exchange of diplomatic views which we have in Washington if it were to be made public.

I add that this does not apply to my own observations on the matter when I said in my statement that there were one or two passages in the speech which, coming from a United States Ambassador, might probably provoke controversy in Canada. Again, I was not referring to the substance of the speech. I had in my own mind when I made that statement a quotation in that speech which was identifiable—and very quickly identified—as coming from the Leader of the Official Opposition; and while a quotation from anybody's speech does not in itself necessarily produce controversy in this country, a quotation from a speech by a leader of a government, a member of a government or a leader of a party, which might be misinterpreted, in the context in which it was given, might well produce controversy.

The fact is that the association of that quotation with other expressions and arguments, both before and after the quotation did, in fact, produce controversy in Canada; and that is what I had in mind when I said that one or two passages in the speech might be expected to produce some controversy in this country. That is all I have to say, Mr. Chairman, about Mr. Stuart's speech.

Mr. FLEMING: Do I take it from the minister's statement that he chooses not to identify that passage to which he referred at the last meeting when he stated that certain passages in this speech had been brought to the attention of the Department of State in Washington by Mr. Glazebrook.

Hon. Mr. PEARSON: I would prefer not to report the details of a diplomatic conversation of that kind, but I have reported to the committee, Mr. Chairman, the passages which I myself had in mind when I said they would be likely to produce controversy, and I tried to explain my point of view there. If we gave to the committee one side of this conversation I would feel obliged at least to ask permission to report anything which the United States' representative might have said in the course of this conversation, and I think, myself, it would be undesirable if I tried to do that.

Mr. FLEMING: May we take it that the minister's views on the passages to which he has made allusion now were conveyed to the Canadian Ambassador in Washington prior to Glazebrook's attendance at the Department of State to draw the attention of the Department of State to certain passages in the speech?

Hon. Mr. PEARSON: I discussed the speech with our representative in Washington before Mr. Glazebrook was instructed by our ambassador to go to the Department of State, and I gave them my views with regard to various parts of the speech, some of which I thought were admirable, and one or two of which I thought might provoke controversy coming, as I said, from the United States Ambassador.

Mr. JAMES: Not only did they provoke controversy, but they were provocative.

Mr. FLEMING: On that point I think that, in view of what the minister has stated, I am not going to press for the details of the conversation between Mr. Glazebrook and the Department of State. I think the minister is taking up a fair position in saying that if we were to have that discussion on the record we should be informed of the contribution of both parties to it. However, we can draw our inferences with regard to the nature of representations made by the Canadian minister from the fact that he was acting on the instructions of the Secretary of State for External Affairs, who has indicated to this committee his own views with regard to certain passages in the speech and stated that these views were conveyed to the embassy in Washington before Mr. Glazebrook went to the Department of State to discuss the matter.

Mr. KNOWLES: The point on which I wish to say a word or two is in the same general field of relations between Canada and the United States, but it is happier in its nature, and I feel that this committee might like to take note of a very important announcement which was made in Toronto yesterday in this regard. We are quick—and rightly so—to complain about any domination of this country by the United States, or any group of people in this country, and I think we should be correspondingly appreciative when something of a reverse nature takes place. I was in Toronto yesterday—I happened to have the status of delegate to the new Canadian Labour Congress—and I saw the high-light of the day, apart from other things which, of course, the press enjoyed playing up, was the announcement by Mr. George Meany who is the President of the American Labour Congress, that steps have been taken to transfer to Canadian autonomy and Canadian authorities certain unions in Canada which have previously had the status of federally chartered unions under the A.F. of L. or the C.I.O. He also made an announcement that there would be no further organizers appointed directly under the A.F. of L. or the C.I.O. and that they would have to find their places in the proper national unions or be transferred to the jurisdiction of the new Canadian Labour Congress. It was a gesture towards

independence and toward the autonomy of the Canadian labour movement generally which was greeted with great enthusiasm by the conference in Toronto, and it appeared to me that this was something which might be of interest to this committee because, as I said, we do not hesitate to express our opinions when situations arise, in these relationships, of which we do not approve. I am sure the committee will be glad to note with pleasure these developments in another direction.

Mr. STICK: I take it from that statement—which I much appreciate—that in the past there has probably been some domination of Canadian unions by American labour unions?

Mr. KNOWLES: The honourable member is quite wrong in thinking that; perhaps he is not well acquainted with the structure of the union movement in the two countries. The respective congresses in the two countries have chartered unions, and in some instances American chartered unions have been operating in Canada. The number of Canadians in such unions totals about 20,000—just 20,000 people who are now joining more than one million. That gives you some idea of the proportions.

Mr. STICK: I am very glad to know that Canadian unions are standing on their own feet. I understood that some of the dues which have been paid in the past have gone to American unions.

The CHAIRMAN: Gentlemen, I think we should not allow too much discussion on this, but get back to what concerns the committee directly.

Mr. KNOWLES: I have brought this up, Mr. Chairman, as a matter of external relations only.

The CHAIRMAN: Are there any other questions with respect to the estimates?

Mr. DIEFENBAKER: I would like to ask the minister some further questions regarding this matter of the recognition of China. Last August the minister made a speech in Vancouver, as I recall it, in which he held out an olive branch, as it were, with regard to this question of recognition—a step with which many of us were in disagreement. Then subsequently in the house—I think it was in February—the minister reviewed the situation and said, in effect, that having regard to events which had occurred in the last year or so no case had been made out for any recognition or for the admission of “Red” China into the United Nations.

Then there was the meeting in Washington between the Prime Minister, the President of Mexico and the President of the United States. At that time there were reports in the press which have never been clearly dealt with, as I see it, by the minister; but there was some strong disagreement offered by the United States authorities regarding the situation taken up by the government of Canada in this regard, and I would like to ask the minister whether he can give us an assurance that there is no immediate prospect or intention of recognizing communist China or of anything being done to admit communist China to the union.

Hon. Mr. PEARSON: Mr. Chairman, I have already said something about this subject in connection with the White Sulphur Springs conversations. That was, I think, at the first meeting of the committee; but I am quite willing to repeat what I said then about that aspect of the question. On the general question, I have already made a statement in the House of Commons to which I have nothing to add. I think, however, that in view of what Mr. Diefenbaker has said I should refer briefly to the background of that statement, especially to the suggestion that in Vancouver—I think it was last September—I offered what Mr. Diefenbaker has called an olive branch, which I interpret as a suggestion that I indicated that the Canadian government at that time was about to recognize the communist government of China.

I have not a copy of my speech here, but there is a text of it in existence, and I hope that any member of the committee who is interested might have a look at it and find out what I actually said. I wish I had it here because I would like to read the paragraph in question. But, paraphrasing what I said, I merely suggested that we should have another look at the question of the recognition of the Chinese communist regime. I do not think I went further than that—an intimation that in my view another look was desirable because of what had happened in the months previous to the speech. Members of the committee will recall that we had held the Geneva Conference, which dealt with the war in Indo China, that at that Conference the communist representatives from China were present, and that at that same conference there was also present a representative of the United States. This, of course, was a change, because the United States representative and the representative of the communist government of China were sitting around a table in discussions. That, in itself constituted, not diplomatic recognition, but recognition of the fact that in certain circumstances the United States would talk with the representatives of communist China. Indeed, they have continued to talk with the communist representatives in Geneva since that time. That is one change in the situation.

Another change in the situation was that there had been an improvement of the military position in the Formosa Straits, in the sense that things had quietened down there, and the communist government in Peking had also given the impression of being somewhat more peaceful in its sentiments—at least in words—than it had been previously. Therefore, in the light of these circumstances I thought it would be a good idea to have another look at this question of recognition. That look has been taken, and the result has been made public in my statement in the House of Commons.

That does not mean that any final policy has been decided, because I think it is wise—and I have said this before—not to take any irrevocable stand in respect to the recognition or non-recognition of any particular government. Conditions change. I understand, from what Mr. Diefenbaker said on one occasion, that this would seem to be his view,—I hope I am not misquoting him when I recall that he put it this way: "Recognition if necessary, but not necessarily recognition."

Mr. DIEFENBAKER: I was paraphrasing someone else in another connection.

Hon. Mr. PEARSON: This matter of the recognition of a particular government which is in control of a particular part of the world is a question any government should keep continually under review; and we are doing that.

The other aspect of this question is the situation in which we find ourselves at the United Nations, especially, when a representative of the nationalist government of China is accepted as the spokesman for all of China. That, as I have said at White Sulphur Springs, is causing increasing embarrassment because more and more governments are recognizing the Peking regime as the government of China; and to any government which does recognize the communist regime as being the government of China—and that does not include the Canadian government—the necessity for accepting the spokesman of another regime produces embarrassment. The problem of recognition has grown in this sense.

Mr. DIEFENBAKER: How are these embarrassments resolved? What is the arrangement used to get around the difficulties to which the minister has referred?

Hon. Mr. PEARSON: At the beginning of each session of the United Nations there is always a debate as to who should fill the Chinese seat and the delegations have to take a stand either for or against the nationalist representative. When that issue has arisen we have always voted either to postpone the

question or in favour of the existing nationalist regime as providing the spokesman for China, because that is the regime which, at the present time, we recognize as the government of China. There was an occasion last autumn which indicated that, in certain circumstances, the fact that China is represented by the national government which has no practical jurisdiction over continental China can cause some difficulty. The occasion was the discussion of a proposal for the admittance of additional members and that particular Chinese representative was able to veto the proposal at the security council because he spoke for China. That particular proposal was accepted by some 50 or so other members; I cannot recall the exact number.

MR. KNOWLES: Was that not a source of embarrassment, particularly to the Canadian delegation?

HON. MR. PEARSON: It called attention to the fact that a Chinese veto could be exercised by the representative of a government which has no authority in continental China. I would not like to say we were as embarrassed by that as were those governments which recognize the Peking regime.

MR. KNOWLES: Does this government recognize the Chiang Kai Shek regime as having jurisdiction over Formosa only, or do they recognize that regime as in control of the whole of China?

HON. MR. PEARSON: We recognize that regime as the government of China.

MR. KNOWLES: Would you define what you mean by this?

HON. MR. PEARSON: The government of the geographical area of China, including continental China.

MR. KNOWLES: Are you not in a somewhat ridiculous position?

HON. MR. PEARSON: We have been in that position before—I hasten to add that I do not use the word “ridiculous” in connection with it—but we have had on more than one occasion to recognize governments as being the *de jure* government of countries in which they have no *de facto* control. During the war this was quite common.

At White Sulphur Springs there was no disagreement or difference of views expressed by any United States spokesman—the President or the Secretary of State, or anybody else—with regard to Canadian policy. I have said this before, and I am glad to state it once again. Canadian policy, as I have said, was not even mentioned. There was a very forthright and frank expression of United States views on this matter by the president and by the Secretary of State along lines which had previously become familiar. We knew what their attitude was; and at the end of the statement of their views it was stated by me that, while we could appreciate their position, the situation was in my view becoming increasingly embarrassing at the United Nations for many members; and I did not include Canada because we recognize Chiang Kai Shek. But for many members the recognition as spokesman of China of a representative of a government which they do not recognize as being in control of China is an embarrassment, and the United States representatives agreed that it was an obvious embarrassment. But there was no difference of opinion over the Canadian position, which was not, in fact, stated at that time. This position is well known to the United States because we have made it clear to them what our views are with regard to recognition and with regard to the off-shore islands which were mentioned also at White Sulphur Springs.

MR. DIFENBAKER: I think possibly that was disagreement on interpretation in connection with the A.P. dispatch issued immediately afterwards which purported to be quoting the minister's words and which was capable of misconstruction. I think this particular dispatch has been drawn to his attention; all of us have received letters from various groups regarding the alleged statement, and that is the reason I brought this matter up today.

Hon. Mr. PEARSON: I received a great many letters myself, and some of the difficulty may have occurred because of the fact there was a difference of opinion expressed; but that, again, was not in regard to recognition but over the off-shore islands.

Mr. FLEMING: The minister has referred to the increasing number of countries which are recognizing the so-called Peoples Government at Peking. Have any of these governments distinguished between recognition of that government as the government of mainland China and the question of the recognition of a government exercising control over Formosa and the neighbouring islands?

Hon. Mr. PEARSON: I do not think so, Mr. Chairman, but I would have to check on that. It is my impression that recognition of the communist government in Peking as the government of China has not been qualified by the kind of reservation you have mentioned. But, as I say, I would like to look into that. It is also interesting to note that certain governments which have not in any way recognized the communist government in Peking either diplomatically or de jure have sent official trade missions to Peking. I think there has been one from Italy and one from France.

Mr. FLEMING: Obviously not for the purpose of doing business in Formosa. I wonder whether the minister could bring to us, as a matter of record, the dates of recognition of the Peking government by the various countries who have recognized it in the course of examining this question, and whether that extends to a recognition of control over Formosa as well?

Hon. Mr. PEARSON: I would be glad to get that information for you.

Mr. FLEMING: Could the minister distinguish, in that respect, between types of recognition—whether there has been recognition of the de facto existence of the government or whether it is de jure recognition?

Hon. Mr. PEARSON: I would be glad to do that. It might not be quite so easy, because, for instance, attending a conference with the Peking government is a form of de facto recognition in the sense that it is an acknowledgment that a representative of a government can discuss with them certain diplomatic matters. I am thinking of Indo China and also of the sending of an official trade delegation to Peking which is, in a sense, de facto recognition, because you are dealing with the government there in trade matters. There is a good deal of confusion caused by differing views as to what we mean by de jure and de facto recognition. You can certainly make a clear differentiation, however, between diplomatic recognition and other forms of recognition.

Mr. DIEFENBAKER: Is there any international concept at all of recognition de facto and de jure?

Hon. Mr. PEARSON: There is such a differentiation, but at times it becomes a little shadowy. We shall try to see what information we can get on it.

Mr. FLEMING: I can see that diplomatic recognition is easy to define, because it involves an outward act—the exchange of representatives. I can well understand the difficulties the minister has mentioned in speaking about other types of recognition. However, I do not think he would include the visit of a Canadian minister not going into China on any official basis as included within the general sphere of de facto recognition, in any measure?

Hon. Mr. PEARSON: No, Mr. Chairman. Mr. Sinclair's visit to China did not in any way, shape or form constitute de facto recognition because he was only in transit through China as the most convenient way of getting home.

Mr. FLEMING: It was quite unofficial.

Hon. Mr. PEARSON: Quite unofficial.

Mr. DIEFENBAKER: He was shanghaied in Peking.

Mr. CANNON: The minister well knows my views about the recognition of communist China, so I do not propose to elaborate; but I do think that when, as he said, he takes a good look at the question whether or not we should recognize the communist government of China, that he will look particularly at the way religion has been persecuted there and the way in which the intelligentsia, and anybody who might have been in a position to resist the communist regime, have been murdered wholesale. I hope, Mr. Chairman, that any such look will only fortify him in the position he seems to have taken, at least for the time being, not to recognize that government.

I was very interested in what the minister was saying with regard to the difficulty which arises through the existence of the two governments of China—the government of the mainland and the government in Formosa—and I was wondering whether he would like to give the committee his views on the suggestion which has been made that China should be replaced on the security council by some other great Asiatic country such as India, and whether that would not have the result of solving this problem.

Hon. Mr. PEARSON: I do not know, Mr. Chairman, whether I can usefully give any views on whether or not that should be done, but it does not seem to me to be a practical proposition in any event because the replacement of China on the security council as a permanent member of the council would require an amendment to the Charter of the United Nations, and the Charter of the United Nations could not be amended without the approval of the five permanent members of the security council, one of which is China. That constitutes quite an obstacle.

Mr. CANNON: From a practical point of view, then, it could never be done.

Hon. Mr. PEARSON: I never like to use the word "never". Certainly it would be very difficult to do.

Mr. STICK: You have made Canada's position clear with regard to this question of the recognition of China. It seems to me, however, that the recognition of China is a question which is really up to the United Nations, where China is asking for a seat. I think both these matters go together, and if China becomes a member of the United Nations I think Canada and other countries will have to take another look at the matter. I think the whole question is up to the United Nations.

Hon. Mr. PEARSON: I agree with that, Mr. Chairman.

Mr. STICK: This subject of the recognition of China is a "live" subject in Canada. Is it necessary for the government to get the consent of parliament before recognition takes place, or would a statement be made, first, in the House of Commons to that effect?

Hon. Mr. PEARSON: I cannot conceive of any government taking a position of this kind—one which would certainly have important political consequences—without parliament being consulted, if that were physically possible. But I can conceive of this matter coming to a head in the way you have suggested—not through any action on the part of an individual government, but through action on the part of the United Nations assembly at the beginning of some session. It might be that on the report of the credentials committee Mr. "A" would be chosen to represent China and not Mr. "B". And there you are. You would still have China represented at the United Nations, but the representative would be a person appointed by a communist government in Peking, whose credentials are accepted by a majority of the United Nations assembly—a person who would thereafter sit as the delegate of China.

Mr. KNOWLES: You would certainly take a new look at it then, would you not?

Mr. DIEFENBAKER: Without regard to the government which he represents, he is just the representative of China.

Mr. MACKENZIE: Among the members of the United Nations, what percentage recognize "Red" China as such and what percentage do not?

Hon. Mr. PEARSON: I have not got the exact figures with me; I think it is between 25 and 30 per cent but I would like to check that. What I am suggesting is that if the time comes when a majority of the members—that majority may not include Canada—decides that the credentials of the representative from Peking should be accepted, then those governments which continue to recognize the nationalist government of Formosa as the government of China would be in exactly the same position as those governments are now who have recognized the Chinese government in Peking as the government of China.

Mr. CRESTOHL: Would you care to comment on the anomaly which apparently exists in the United Nations, when some countries do not recognize other countries, both being members of the United Nations, but sit with each other in consultation, voting on various problems?

Hon. Mr. PEARSON: It is an anomalous position, but it does not prevent the functioning of the United Nations. Not all the governments go as far as the communist representatives go; they always make a statement that they do not recognize as valid anything which is said or done by the representative of China. Most of the representatives at the United Nations who have recognized the Peking regime accept the verdict of the majority and do not allow the presence of a Chinese representative appointed by a government which they do not recognize to interfere with the functioning of the United Nations agencies. They will, nevertheless, vote on issues raised by this gentleman whom they do not recognize.

Mr. KNOWLES: It is just like parliament.

Hon. Mr. PEARSON: Yes, they will vote on issues if a resolution is proposed by the representative of a China which they do not recognize, but they usually vote against it.

Mr. STICK: A question which has been before us for some time is the position of Great Britain. As I understand it, Great Britain has recognized communist China. What is their position with regard to Chiang Kai Shek? Do they recognize him in any way at all?

Hon. Mr. PEARSON: I think they do. They recognize him as in de facto control of the island of Formosa and that is shown by the fact that there is a British consul on Formosa, and I think he has been accepted by the national government of Formosa.

Mr. STICK: So they recognize both—one directly and the other indirectly.

Mr. KNOWLES: I wonder whether, when you are getting the information Mr. Fleming asked you, you would include in it a list of the countries which, though they may recognize the Peking government as the de facto government of China, contend at the same time that the question of Formosa should be settled separately—the number of governments who contend that the question of Formosa should be settled by the United Nations, or in some way by the people of Formosa themselves, whatever stand they may have taken on the question of recognition.

Hon. Mr. PEARSON: Yes, Mr. Chairman, we shall try to get that information. It is our own view that the final status of Formosa has not yet been determined. We do not accept Formosa as a de jure part of the continent of China. There are governments which disagree on the question of who should be recognized as the government of the mainland of China, but agree that Formosa is an issue by itself.

Mr. KNOWLES: Yes.

Mr. FLEMING: If there are no more questions on that subject, may I raise another? In this morning's papers there is an interesting report from New York about a statement made yesterday by Mr. Dulles concerning a possible change or enlargement of the functions of NATO and I wonder if Mr. Pearson would comment? The article said:

State Secretary Dulles said today the time has come to develop the North Atlantic alliance into something more than a purely military instrument.

Further down it goes on to say:

Dulles recalled NATO was conceived primarily as a military alliance.

But the organization can and should be more... the unanimity of our thinking upon the great basic issues makes it apparent that the time has come to advance NATO from its initial phase into the totality of its meaning...

The North Atlantic Treaty serves as an indispensable and vital instrument of the Atlantic community. But the time has, I believe, come to consider whether its organization does not need to be further developed, if it is adequately to serve the needs of this and coming generations.

If that be the common desire of the NATO member nations, the United States will join eagerly in exploring the possibilities which now beckon us forward.

I would like to ask the minister if there has been any discussion between the Canadian and United States governments on this subject, and how far the Canadian government feels it is prepared to go in enlarging the functions of NATO along with lines that Mr. Dulles seems to be proposing which I take it means giving full effect to article 2 of NATO, concerning economic co-operation. However, I do not want to read more into the statement than he intended. He intended going even further than the terms of article 2 have been understood as going hitherto.

Hon. Mr. PEARSON: Mr. Chairman, I have not read the text of what Mr. Dulles said. I have read the report in the press to which reference has been made, and a copy of the text is on its way over from the United States Embassy now.

We have had some discussions with the United States and other NATO governments on this very subject in preparation for the meeting of the North Atlantic Council which will begin in about ten days. Indeed I have had some talk with Mr. Dulles about it within the last few weeks; while at White Sulphur Springs, and in Washington, in the exchanges of views which we have had with other governments, we all felt that the non-military side of NATO should be developed particularly in view of the change in Soviet tactics. And Mr. Dulles speech, from the reports I have read, seems to be a very welcome contribution to this subject especially in view of the forthcoming NATO meeting. Canadian representatives have talked a good deal along this line in recent years, and it is encouraging, I think, that there is now a general and strong recognition of the fact that NATO is not likely to survive merely as a military alliance; particularly if the fear of military attack should be diminished by the change of tactics in Moscow.

While the defence aspect of NATO as Mr. Dulles has said is still of tremendous importance, it is not of exclusive importance. It is one thing however to make these speeches, I have made about as many of them as anybody, but

from my experience I may say that it is a little more difficult to convert your words into reality, into action. That will never be done until we achieve agreement among the members of NATO that it should be done. So I think it is very encouraging that Mr. Dulles should come out in such a forceful fashion in favour of this particular aspect of NATO development.

This is to be a main subject of discussion at the forthcoming meeting in Paris: what can we do about it? I would be glad, Mr. Chairman, to make a report of that meeting when I return, either to the committee, or in any other appropriate place.

Article 2, about which we have talked so much, has been identified in people's minds largely with economic co-operation. But article 2 is as important, if not more important from a practical view, for political co-operation. In fact at times it is difficult to distinguish one from the other. We have made more progress in regard to political than we have in regard to economic co-operation.

Inside NATO one evidence of that is the way in which the permanent council now functions for political co-operation. At meetings every few days over the last six weeks or so, it has been discussing the forthcoming meeting and working out preliminary agreement on matters which might come up on the agenda and preparing the way for a ministerial approach to those subjects.

The CHAIRMAN: Mr. Diefenbaker.

Mr. DIEFENBAKER: Mr. Dulles' statement goes further than any which I ever seen advanced by any of the world's statesmen among the free nations, for the significance that he puts in organization and in NATO in which the free nations will diminish their sovereignty, each subtracting from its own sovereignty in the interests of solidarity, and in the interests of preserving for all our fight for freedom to meet the changed threat of the U.S.S.R.; and when I asked you about this the other day I had particularly in mind the Russian trade. For instance, in 1952 when Iceland entered into an agreement with the United States to permit troops to be there, the United States undertook to maintain a high degree of trade relations with Iceland. I am speaking from recollection, but my recollection is that in 1952 the United States purchased some 28 per cent of the total exports of fish from Iceland, whereas today that purchase has been reduced to some 13 per cent. The U.S.S.R., on the other hand, has been stepping up its purchases from 5 per cent of fish production in 1952 until now it is from 25 to 28 per cent. In other words, it made trade its major instrument in substitution of military threats of the past.

Has the minister any idea how and what is the thinking on the subject of closer relationship? How is it going to be achieved? Not under a federal system; I realize that is not possible; but what has the minister in mind as the means whereby article 2 could be achieved in the political field?

The other day he dealt with economics and indicated that the government of Canada did not wish to build up within NATO an economic solidarity which in any way would exclude countries outside of NATO from trade relations. But what kind of political system could be achieved? What is being discussed in that connection, and what is the economic co-operation that is being considered.

Hon. Mr. PEARSON: I shall try to answer the last question first. What we are hoping to do in NATO in the economic field is to use the council—both the permanent as well as the ministerial council—more as an agency for the exchange of views on economic matters, more particularly on the political and strategic impact of economic policy so that if one NATO country is considering important economic measures which would have an effect on other NATO countries, that will not be done before the matter is discussed in the NATO council.

One example of that would be a discussion at the council of the present situation—and it is a very important matter—regarding the integration, economic and political of Europe; consequent upon the Messina conference and the proposals which resulted therefrom. That is something which affects particularly and directly six continental European members of NATO, but it certainly has an effect also on the other members, because if the economic integration of Europe took place, on a high tariff restrictive foundation, we might well argue—Canada and the United States and the United Kingdom—that in the long run it would weaken rather than strengthen the consolidation of NATO, because the overseas countries would have a more difficult time getting into the European market. That is the kind of economic discussion I have in mind, and which we may be able to have in Paris.

Mr. DIEFENBAKER: You mean it would be generally deliberative and advisory rather than effective in policy?

Hon. Mr. PEARSON: Deliberative but rather more than that in the sense that if we can build up a convention — and these things cannot be done over night—as the development of our own constitution shows—that all these things must be discussed in NATO; before action is taken, that would be important for all members of NATO.

Mr. DIEFENBAKER: That would be quite a far advance.

Hon. Mr. PEARSON: Yes, it would be quite a far advance, but it is not going to be achieved at the next council meeting or at the one after that. However, I hope that we are starting on that process in the political field. I think that more has been done there and in the last year or so the feeling has been strengthened that a policy should not be adopted by any one member of NATO which affects the others without careful consultation; things such as German re-unification, when discussed at the NATO council meeting may affect one member particularly, but will also affect them all, so we might be discussing that subject. I am not prepared to say definitely at the moment because the agenda has not yet been finally agreed upon, but the question of the Middle East in so far as it affects the NATO organisation may also be considered.

The immediate object in the political as well as in the economic field is to have it understood that individual countries, however powerful and however directly they may be concerned with these matters, will not take final decisions and make final policy without consulting the other NATO members.

Mr. DIEFENBAKER: That in fact means that each nation in the interests of freedom within NATO would pretty well postpone the exercising of its sovereignty pending discussion among the nations of NATO. Is that in effect what it means?

Hon. Mr. PEARSON: That is the ideal, Mr. Chairman, but it is going to take quite a long time to realize an ideal of that kind, especially in an organization with a membership which is so varied in power and responsibility and authority as has NATO. It would mean putting to the powerful nations of NATO, the proposition that they should not make vital decisions without first clearing them, if you like—and I say this without any disrespect to Luxembourg—with, let us say, Luxembourg.

Mr. CANNON: Mr. Chairman, I am very pleased that Mr. Diefenbaker has brought up this matter of the increased importance being given to the development of the objectives of article 2 of the NATO Treaty, and I think this is a good opportunity to get on the record the fact that the NATO Parliamentary Association of which you are a member, Mr. Chairman, and Mr. Diefenbaker is a member, and of which I am also a member, has as one of its primary purposes the development of the objectives of article 2 of the treaty; and also

to get on the record the fact that that was one of the main subjects discussed at the meeting of the delegation from each of the NATO parliamentary associations from all of the NATO countries in Paris last summer, before the Geneva conference, and even before the apparent change on the part of the Russians. The different NATO parliamentary delegates went on record as being in favour of the development of the objectives of article 2 of the treaty, and I think that is a good thing to get on the record of this committee.

The CHAIRMAN: Thank you, Mr. Cannon.

Mr. FLEMING: Coming back to the minister's last statement on the matter of political co-operation and the sharing more widely in the political problem of the principal nations, I presume if you want to take a practical example and a difficult one, we might mention the French rule in North Africa and say that it would necessarily become a matter of interest to the member nations in NATO and to the council of NATO.

Hon. Mr. PEARSON: That is a very good example of the difficulties which we will face, and we shall try to work out some of them in practice. In the instance which has been mentioned it might be argued—in reply to the suggestion that it is going to be discussed—it might be argued that it is a domestic situation so far as the organization is concerned, and that it is therefore technically seeking to deal with something outside the NATO area. So far as Algeria is concerned, Algeria is inside the NATO area; but Algeria is also part of Metropolitan France. Yet events in that part of Metropolitan France which is Algeria might have international repercussions. We have the same problem at the United Nations; what is purely domestic and what is suitable for an international discussion?

I hoped that the problem would not appear in the same irritating form at NATO because we are a group there of friendly nations trying to work out things together without the destructive influences we have in certain other international assemblies—I am thinking of the communist delegates.

Mr. DIEFENBAKER: The United Nations cannot deal with purely domestic matters within the confines of any country; but if we have political integration or co-operation such as you envisaged a few moments ago, then the domestic policy of each of the countries in NATO becomes the concern of all the other countries.

Hon. Mr. PEARSON: I suppose so, but the domestic policy in one country is often in fact the concern of all the other countries, because if the domestic policy of one country starts trouble, then all the other countries may be involved.

Mr. STICK: Mr. Chairman, the statement which Mr. Diefenbaker referred to made by the Secretary of State of the United States, Mr. Dulles, regarding United States policy in connection with article 2—I take it this indicates a noticeable change in American policy regarding article 2, and the information which I have is that both Germany and France are strongly in favour of the enlargement of article 2.

But I am rather concerned about the position that Great Britain takes regarding article 2. I wonder if you would care to comment on what the position of Great Britain is; I understand that the United States is now in favour of the implementation of article 2. My information is that Germany is very strongly in favour of it, and so is France. But what is the position of Great Britain?

Hon. Mr. PEARSON: Everybody is in favour of article 2.

Mr. KNOWLES: Everybody is against sin!

Hon. Mr. PEARSON: Everybody is in favour of good weather; but it is difficult to bring it about. Some members of NATO have been a little more difficult in giving vocal expression to their support for article 2 because they may be inhibited a little by native caution, and may feel that you should not take a too idealistic approach until you are in a position to do something about it. There is the Latin as well as the Anglo-Saxon approach to these matters. Canada is both Latin and Anglo-Saxon.

Mr. PEARKES: My question is on a much more limited, almost domestic scale. I want to ask if there have been any discussions or representations with respect to Canada's relations with the United States in connection with the Alaskan panhandle? Out on the west coast at the present time there is prospect of great development in northern British Columbia and in the southern Yukon in connection with tar resources and industrial and mining resources, and also, I am advised, on the question of possible approach through the Alaskan panhandle into that same territory; and also that there is a very acute fisheries problem there, because of the lack of salmon which move up through United States waters into the streams, and their spawning grounds which are in Canada. If Canada goes ahead and develops some of the power resources there, this may shuffle entirely the spawning grounds for Alaskan salmon. And against that on the other side of the picture—I think these salmon originate in Canadian waters, but the Canadian fishermen do not have the opportunity of fishing them because they enter the sea through United States territorial waters. I wondered whether in view of the increased interest out there in this problem, if any discussions have been held with the United States?

Hon. Mr. PEARSON: Mr. Chairman, this matter, as members of the committee will know, has been raised recently in the House of Commons by the member for the Yukon. We have been giving consideration in recent days to his suggestion that this question should be raised officially with the United States, the particular question being whether to ask for corridors, across American territory, across the panhandle—which should have been Canadian in the first place—I am becoming very nationalistic—whether we should ask for corridors across the panhandle to the coast.

As Mr. Pearkes has pointed out, we have not decided whether it would be wise, or of any value to make any official approach to the United States government at this time on this matter. We have been told in certain quarters that there are no difficulties in the panhandle situation; nothing in the fact that it is under United States sovereignty which would interfere with the development of British Columbia and the Yukon. And we have been told on the other hand that there is a difficult situation and that we should do something about it. We are trying to decide what we should do at the present time. I find it difficult to conceive that the United States would alienate territory even to such a friendly country as Canada for this purpose without raising pretty far-reaching questions; but I would not like to go any further than that at the present time, until we have decided on the principle of making representations to Washington.

Mr. PEARKES: Would the fishery problem be basic?

Hon. Mr. PEARSON: The fishing problem is a very important aspect of the whole question. It appears not only in the northern part of British Columbia and the rivers mentioned, but it appears as well in connection with the Columbia river and the diversion of that river for power, but that is another question.

Mr. PEARKES: The point of the fishery problem is that Canadian fishermen are not entitled to catch fish which have spawned in Canada.

Hon. Mr. PEARSON: A further statement might be possible about this subject later on in the committee.

Mr. PATTERSON: Is there any information which the minister could give us to bring us up to date on the situation in Indo-China and the work of the truce team in that country?

Hon. Mr. PEARSON: Yes, I could say something about it. It is a very important part of our work in the department now. I refer to our responsibilities in those three commissions which have not, since I appeared before the committee last, been diminished in any substantial way, although it is true that some of the military missions have been wound up. We still have about 160 Canadians serving on our delegations to the three commissions in Indo-China. All have performed—and I know the committee will agree with me in this—valuable and efficient services in Indo-China and I think we can be proud of the job they have done often amid difficulties and, sometimes, dangers. So far as Vietnam is concerned—and that is the most important of the three commissions I suppose—we are approaching a new situation consequent upon the imminent departure of the French forces. The last vestige of French authority will soon be withdrawn from Vietnam—before the end of this month, I believe—and that has raised the problem of the position of the successor government, that is, the government of south Vietnam, in relation to the armistice agreement and more particularly to the responsibilities which France undertook under that agreement—an agreement which was not signed by the government of South Vietnam and for the implementation of which that government does not accept responsibility.

It also raises the question of the legal position of the commission in Vietnam once the French withdraw and, indeed, of the practical cooperation which the commission has received from the French authorities—practical in the sense of supplies, transportation and housekeeping. We are right in the middle of that problem now. Members of the committee may have noticed that the Diem government did issue a statement a couple of weeks ago outlining their attitude toward the commission, and this was meant to be an invitation to the commission to remain on the job but it did not involve acceptance by the government of any legal responsibilities under the armistice agreement. The question of the future of the commission under the new dispensation, if I may call it that, is now under consideration by the co-chairmen of the Geneva Conference who have been meeting in London and discussing this matter through the representatives of the foreign ministers of the U.S.S.R. and the United Kingdom, Mr. Gromyko and Lord Reading.

I am not certain yet whether the position taken by the government of South Vietnam will give an adequate legal or practical basis for the future work of the commission in Vietnam. Nor has it yet been decided whether the articles of the agreement with respect to elections in Vietnam have been, or could be, implemented in such a way as to persuade certain members of the international commission to remain there. In other words, the whole situation is, as we say, very fluid. As far as the Canadian government is concerned we are willing to continue our work on the commission in Vietnam as long as there is any possibility of that work being useful in the maintenance of peace there and the establishment of conditions of stability. We shall know more about this in two or three weeks when we get a report from the co-chairmen.

So far as Laos is concerned, the difficulty there arises from the situation in the two northern provinces which are very strategically located and where the Pathet Lao forces have not accepted the authority or the administration of the royal Laotian government; nor would they participate in the elections which were held in the summer of 1955. The International commission has managed to agree on a resolution which calls on the royal government to take the necessary measures to bring about the integration of the Pathet Lao into the national community, but that resolution has not been implemented

because of the resistance of the forces in the north, and since it has not been implemented this matter has also been referred to the co-chairmen in London where it is being considered further. There has not been a political settlement in Laos bringing about a unification of the country any more than there has been in Vietnam, and for that the communist forces in the north must bear the responsibility. In the absence of such a political settlement it seems to me that it is likely to be necessary in the interest of peace in that area for the commission to remain there for a further period. It has been urged on us that we should remain, and I think it is probably our duty to do so.

As far as Cambodia is concerned the elections have taken place. They were completed on September 22, 1955. Former members of the resistance movement have been reintegrated and took part in the electoral campaign, and in the third report which the commission in Cambodia made it was stated that the government had fulfilled its obligation with regard to elections. There are a few residual tasks remaining, but we hope and, indeed, we expect and are working hard to bring about, the dissolution of the commission there in a short time. All the commission's inspection teams in the field except one have been eliminated and the commission's establishment there has been reduced. We see no reason why the commission should stay much longer and we expect to be discharged of our responsibilities in Cambodia shortly.

It may be necessary to maintain a token commission in Cambodia because of the relation of the three commissions to each other under the Geneva settlement, but it certainly should be no more than a token section.

MR. PATTERSON: What is the extent of the cooperation which the teams are receiving? Are they still facing the same obstructionist tactics as before?

Hon. Mr. PEARSON: Conditions have not been quite as difficult as they were because the military clauses of the armistice—the regrouping of the forces and that sort of thing—has been completed. The military teams have not experienced quite so much difficulty because of that, but they have had trouble in securing cooperation from the communist government in the north, and there has also been some difficulty in the south. Each government of Vietnam blames the other for all the difficulties which the commission has to encounter, but it is fair to say that the major difficulties which the commission has encountered from the beginning in Vietnam have been caused by communist obstruction in the north.

MR. PATTERSON: Were they not facing obstruction from certain members of the teams themselves for a considerable length of time? Is that situation continuing?

Hon. Mr. PEARSON: That has not been the cause of so much difficulty recently because the necessity for investigations by mobile teams has not been so great as it was in the early days and, therefore, the opportunities and incentives to delay action have been less.

MR. FLEMING: I take it there is little or no prospect now that the elections that were contemplated at the time of the armistice will take place in Vietnam this year?

Hon. Mr. PEARSON: Under the agreement, elections should be held this summer but there is no prospect of that happening. There has been no consultation yet between the two governments of Vietnam with regard to the preliminaries which would have to be undertaken before elections could be held.

MR. FLEMING: Has there been any protest from the communist government in the north?

Hon. Mr. PEARSON: Yes, there have been continual protests complaining that the South have failed to bring about the election promised in the agree-

ment; of course, they blame the government of South Vietnam for that. The government of Vietnam says it was not a party to the Geneva agreements; that it had no responsibility in that regard—no obligation to consult with the north in regard to elections.

Mr. FLEMING: Is there any indication that there may be an attempt to carry out a provision of that type in the agreement by force?

Hon. Mr. PEARSON: No, there is no indication that there is any desire on the part of the north to use force to carry out that part of the agreement.

Mr. FLEMING: Has the border between the north and south been effectively closed to prevent any further entry of refugees from the north into the south?

Hon. Mr. PEARSON: There has been very little movement in the last six months of refugees from the north to the south.

Mr. FLEMING: Have you made any calculation as to the cost to Canada of this contribution through the commission?

Hon. Mr. PEARSON: I have not got the figures, but Mr. MacDonell says he will be able to bring the figures before the committee. It should be mentioned that we may be paying money for a lot of things now which we shall be entitled to recover from the Geneva Conference.

Mr. FLEMING: That was going to be my next question—the extent of the re-imbursement. Perhaps Mr. MacDonell's statement could cover that.

Mr. STARR: I would like to refer to a matter with regard to which I would appreciate the minister's comments. It concerns the United States-Canadian border. From time to time in years past we have asserted our pride in the art of peaceful co-existence which this boundary signifies, and this was demonstrated again this year by Kiwanis International who celebrated their United States week in February.

At that time particular attention was called to the Rush-Bagot agreement which was signed in April, 1917 which had to do with the disarmament of vessels on the Great Lakes and which is still in existence.

The Kiwanis organization makes some comment about this agreement to the effect that it could possibly be modified to some extent so as to give leadership to the world and to show how two countries with a long border between them, such as Canada and the United States, can live peacefully together and reach agreement on disarmament.

There is, under this Rush-Bagot agreement, a clause which is a conciliation clause effective after a six-month waiting period, and the suggestion is that it should be cancelled and that instead of having such a clause the matter should be covered by the words: "effective permanently and forever". And they also suggest that this should affect not only the Great Lakes but the entire border from coast to coast. The proposal has some merit, I feel. It is an agreement which could be very effective at the present time since everyone in this country is in favour of disarmament, and certainly it would have a moral for others and be an example for others to follow.

The Kiwanis organization makes further comments and suggestions which I shall not go into now, but I will just ask the minister whether he would be prepared to consider confirming and extending this Rush-Bagot agreement and removing the six months conciliation clause.

Hon. Mr. PEARSON: Although the Rush-Bagot agreement was made between the United Kingdom and the United States it is now a part of the Canadian treaty series and is a Canadian treaty in theory as well as in practice. We have taken it over together with a lot of other British treaties.

With regard to the suggestion that we might remove from the treaty, by an amendment which we would have the right to negotiate with Washington

if we so desired, the six months clause, I do not think, myself, that this would add very much to its value even as an example. It is now well established in the world as reflecting a desirable border situation. We have been citing it for years in our speeches about Canadian-American relations. If you took out the six months clause you would not, of course, be able to take from the signatories the right of denouncing the treaty if they so desired. We would be glad to look into the possibility of removing that six months clause, but I would not like to say anything more about it now. I think we have to try to consider what procedure might have to be adopted and whether we might not be doing—I was going to say “more harm than good” but I do not think it would be that—but whether we would in fact do any good by altering this provision. At the present time it seems to me much more important to take all the administrative steps we can, on each side of the border, to keep the border open rather than worry about a Treaty for the demilitarization of the border at this stage. In the last few years it has been more difficult than it has been previously to go back and forth across the border, though I must say between 20 and 30 million people seem to do it every year without much trouble. But we have been preoccupied in the last year or two with that aspect of our border. A Canadian might have got into trouble when he was a schoolboy —

Mr. KNOWLES: Or played left wing in a hockey team —

Hon. Mr. PEARSON: And he gets on the wrong kind of list in the United States. We have had a certain number of complaints about that sort of thing — but very small in relation to the total number who get across without trouble and with great courtesy shown to them.

Mr. KNOWLES: It works both ways, of course.

Hon. Mr. PEARSON: That is true, but these people would be more concerned in getting their own position cleared up than in an improvement to the Rush-Bagot Treaty.

Mr. DIEFENBAKER: What Mr. Starr has brought up has been a request from International Kiwanis representing 290,000 business and professional men in the United States and Canada who felt it was rather incongruous today to have this treaty in effect between Britain and the United States rather than directly.

Hon. Mr. PEARSON: It is really a Canadian treaty.

Mr. DIEFENBAKER: I understand that.

Hon. Mr. PEARSON: We would certainly look into this, if for no other reason than that the suggestion comes from a body which has done so much to promote good relations between Canada and the United States.

Mr. STARR: That is actually their aim.

Mr. STICK: I want an assurance that this suggestion in no way affects the American bases in Newfoundland because we would fight any such suggestion tooth and nail.

Hon. Mr. PEARSON: This in no way affects your interests in Newfoundland.

Mr. DIEFENBAKER: These Kiwanis are interested in showing to the world the solidarity of their two countries and their suggestion is that this treaty should be brought up to date and modified so that it would constitute a model situation in our relations.

Mr. CRESTOHL: Having regard to what was said about the situation in the Panhandle, do you think it would make for more progress with the Americans if we appealed to their logic rather than to their passions?

Hon. Mr. PEARSON: I am passionately devoted to logic, myself.

Mr. Chairman. I have an official lunch at a quarter to one.

The CHAIRMAN: I thought, perhaps, that we might finish with the minister today.

Mr. FLEMING: I might say, Mr. Chairman, that I have in front of me fifteen subjects—

Mr. STICK: Speaking about this Panhandle, Mr. Chairman, the minister said it should be Canadian property. I do not think that should be on the record—

Hon. Mr. PEARSON: I was talking about the history of this matter. I have the feeling that the arbitration conducted many years ago was a very unfortunate arbitration and that the result at that time should have been different, and that the arbitration should have made the Panhandle Canadian. I am not suggesting we should do anything about it now.

Mr. MACKENZIE: That also applies to the state of Maine.

Mr. STICK: I move we adjourn.

Canada, External Affairs, Standing Committee,
on, 1956.

HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

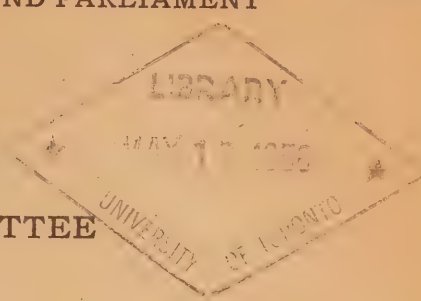
No. 5

THURSDAY, APRIL 26, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statement by Mr. Jules Leger, Under-Secretary of State
for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.



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STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.,
and Messrs.

Arsenault	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Balcer	<i>Jean</i>)	Macnaughton
Bell	Goode	McMillan
Breton	Hansell	Montgomery
Cannon	Henry	Patterson
Cardin	Huffman	Pearkes
Coldwell	James	Richard (<i>Ottawa East</i>)
Crestohl	Jutras	Starr
Decore	Knowles	Stick
Diefenbaker	Lusby	Stuart (<i>Charlotte</i>)
Fleming	MacEachen	Studer—35.
Garland	MacInnis	(Quorum 10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, April 26, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Balcer, Bell, Boisvert, Breton, Cannon, Decore, Diefenbaker, Fleming, Henry, Huffman, James, Jutras, Lusby, McMillan, Montgomery, Pearkes, Starr, Stick, Stuart (*Charlotte*), Studer.—(20)

In attendance: Messrs. J. Léger, Under-Secretary of State for External Affairs, R. M. Macdonnell, Deputy Under-Secretary, W. D. Matthews, Assistant Under-Secretary, H. J. Armstrong, Head of Finance Division, M. Grant, Head of Supplies and Properties Division.

The Chairman called the meeting to order and welcomed the officers of the Department of External Affairs in attendance.

Mr. Jules Léger was introduced to the Committee and speaking from a prepared text dealt with certain administrative and financial aspects of the operation of the Department of External Affairs both in Canada and abroad.

The Committee adjourned at 12.00 A.M. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

APRIL 26, 1956,
11 A.M.

The CHAIRMAN: Gentlemen, I see that we have a quorum so we shall proceed without any further delay. I am sorry to have to tell you this morning that the minister is unable to attend and that he will not be able to come back to the committee until he returns from France, in about ten days. However, we have the pleasure today to have with us Mr. Jules Leger, Under Secretary of State for External Affairs, who will begin by making a statement, following which, if we have the time, the meeting will be open to questioning. I now call on Mr. Leger.

Mr. JULES LEGER (*Under Secretary of State for External Affairs*): Mr. Chairman and members of the committee: Since appearing before your committee for the first time, about one year ago, there have been many interesting and important developments in the international sphere, the political aspects of which have been dealt with by the Secretary of State for External Affairs who has already appeared before this committee.

As is customary therefore, I propose at this time to confine these remarks to the administrative and financial aspects of those policies as reflected in the main estimates of this department for 1956-57.

A two-part statement has been prepared and distributed to all members of the committee. The first part compares our 1956-57 proposed estimates with those of 1955-56. It gives somewhat more detailed information than in previous years about substantial increases or decreases in amounts, which I hope will be of interest. The second part of the statement is a series of appendices comparing expenditures for 1954-55 and for 1955-56 (estimated), with the estimates of 1955-56 and those now before you for 1956-57.

With your permission, I propose to refer very briefly to matters suggested by the new estimates, not necessarily in the order of their importance, but for convenience of reference, following quite closely the order of their occurrence in the estimates. These will include our personnel position, improvements in our communications system, informational activities, matters related to properties abroad, the North Atlantic Treaty Organization, the United Nations Organization, with particular reference to some of the specialized agencies of United Nations, the Colombo Plan and the Canadian delegations to the international supervisory commissions in Indo-China.

Personnel

The serious strain which was placed on the personnel resources of the department last year through the need to provide personnel for the three international commissions in Indo-China has continued. The department was still short of its current establishment on January 31, 1956 by 19 officers and 32 administrative staff.

Each year a competitive examination for foreign service officers Grade I is conducted by the Civil Service Commission on behalf of the department. It is hoped to recruit in 1956 between 15 and 20 new officers from the eligible list to be established as a result of the examinations held in December 1955. The qualifications for these examinations have not varied from previous years.

The average yearly intake of foreign service officers Grade I for the last four years has been 20 and, barring unforeseen developments, the number required in 1957 will probably be about 15. This should be sufficient to take care of vacancies created by retirements, resignations and transfers to other departments.

Owing to the growing volume and complexity of the work the need was felt for more specialized assistance in certain fields. A competition was therefore announced by the Civil Service Commission last July to recruit a number of foreign service officers above the Grade I level with special qualifications and experience. The officers recruited from this competition will be expected to concentrate for several years on work related to their special field of interest and to serve principally in Ottawa. They are expected at a later date however to be capable of assuming more general duties. Of this group, two have already been recruited and we hope to get several more during 1956-57.

A program to modernize our communications system was begun last year by the purchase of additional teletype equipment. Included in this year's estimates are additional positions for technical staff which will be required to operate and maintain this new equipment at a number of posts abroad. Additional positions have also been requested for security guards in this year's estimates to provide more adequate security at those posts where this new equipment will be installed.

In the details of estimates for 1956-57 you will find the following increases in staff over the establishment of 1955-56 are being requested:

Departmental Administration	59
Passport Office	2
Representation Abroad (Including local staff)	88
Indo-China	10
<hr/>	
A total of	159
<hr/>	

In summary, these increases can be attributed to the following:

- (a) the need to modernize and expand our communications system in order to provide more rapid and secure communications without principal posts abroad;
- (b) the need to provide additional security precautions at posts where cypher machine equipment is to be installed;
- (c) the setting up of a small inspection unit, which will visit posts abroad and examine periodically their work and problems in the political, functional and administrative fields. It is hoped that each post will be visited once every three years.

This small inspection unit consists of 2 foreign officers only.

- (d) the need to strengthen the number of personnel at headquarters which has not kept pace over the past few years with the department's increased responsibilities abroad;
- (e) a modest increase in the number of locally engaged staff (approximately 9 positions) were required as a result of an increased volume of work at a number of posts abroad. Additional positions were required in Canberra and Karachi largely because of the increase in immigration work, where as yet no immigration staff is established. At other posts, some additional assistance was required for information and consular work.

Communications

The improvements in our communications system to which reference was made last year, are beginning to take shape. Some of the bottlenecks have been partially overcome but at an increased cost in telegraph charges and rental of equipment.

Communication equipment ordered last year has not been delivered and it is likely that the equipment which will be ordered this year will not be received until near the end of the fiscal year 1956-57. This situation is reflected in our estimates as both the rental of interim equipment plus the cost of the machines which will replace them are included. Out of \$306,000 provided in 1955-56 estimates for procurement of teletype equipment, less than \$6,000 worth was delivered before March 31, 1956, and we therefore expect it will be necessary to ask for a re-vote of approximately \$300,000 in our first supplementary estimates for 1956-57.

The rental of Telex equipment at certain of our posts abroad will result eventually in a more than compensating reduction in telegraph charges. This desirable result will not be very apparent this year as it will take some time before the system is installed and working at enough of our posts to have any material effect. It is, like most communication projects, of a long term nature.

Our communications experts are now working on the development of various procedures and techniques which will give us the most economical use of our Telex system in Europe when it is installed. The results of this work will of course not be apparent until the posts are equipped with Telex and more modern communication equipment.

I may add that the adoption of modern communication equipment and methods by the department has already led to indications that there are possible "by-products" to communications which may well give us more economical operation in other fields. For instance any document either transmitted or received over modern equipment is capable of being duplicated to any extent required without the expenditure of additional hours of typing time. This may eventually lead to significant economies in typing and duplicating.

Under the heading of "Telephones, Telegrams and other Communications Services" (Primary (8) on page 174 of the Blue Book) there is an increase of \$193,000 over last year's estimates. Part of this increase is due to the increase in telegraphic communications just mentioned. \$129,000 of this increase covers payments to the National Research Council for technical assistance in the field of communications security. You may recall that last year a payment of \$150,000 was made for this purpose. The \$279,000 to be paid in 1956-57 represents the full estimated cost of these services which we consider should be paid by this department rather than by the National Research Council. The nature of this subject is such that members of the committee will appreciate that it would not be in the public interest to go into greater detail.

Informational Activities

The moneys requested for the informational activities of the department will continue to be applied to two main fields of endeavour. By far the greater part will be devoted to the projection abroad of information concerning this country in all its aspects. A smaller portion will be used for the second informational activity which is to inform Canadians of the part Canada is playing in world affairs and of the government's external policy.

In the coming year we intend putting a little more emphasis on the purchase of publications for distribution, particularly in the Colombo Plan area. For this purpose we are increasing the amount to be used for books and subscriptions for presentation by \$8,000 over 1955-56, i.e. from \$2,000 to \$10,000.

Properties Abroad

During the past year the department has continued its study of property requirements at posts abroad where unusual conditions exist. With the relatively limited technical and administrative resources at our command in the face of a steady increase in the number and complexity of accommodation problems abroad, the department has during the year aimed at consolidating property acquisitions made in previous years and supervising construction projects in progress rather than embarking upon any further expansion.

Thus, the purchase of a building in Rome for \$387,000 in blocked lire, to serve as an office, which I forecast in my opening remarks to this committee last year, and the recent acquisition of a residence for the ambassador in Oslo for \$200,000, constitute the only large property purchases in the fiscal year 1955-56.

We have not yet solved on a permanent basis the problem of a residence for the embassy in Rome which was mentioned before this committee last year. We have had under active consideration the possibility of selling the property we purchased in Rome in 1950 for the equivalent of \$186,000 in blocked lire. As the values of properties in Rome are increasing rapidly, we do not consider it advisable to sell the property now owned unless and until the proceeds of sale can immediately be used to buy another cheaper satisfactory site for a residence. The proceeds of any immediate sale would undoubtedly have to be placed in a blocked lire account. After continued examination the only alternative property that would be suitable as the site of an embassy which was offered to us would have cost 360 million lire; at the current rate of exchange \$577,000. For our purposes this site was less desirable than the one we now own and it would cost more than the price which we would probably get on the sale of the present property. We were also offered an existing house for 290 million lire which required considerable repairs and alterations so that the minimum cost would amount to the equivalent of \$521,000. This house even after repairs would not be entirely satisfactory. We are still examining this situation to see whether some less costly solution to this problem can be reached. However, in view of the extremely high prices of land or buildings in Rome, it is possible that the most satisfactory and most economical solution may eventually turn out to be the construction of an embassy residence on the property already owned. We realize that this situation is unsatisfactory since we have not made any progress in solving this difficult problem during the year. We will pursue the matter and I trust that I shall have a more hopeful report next year. Meantime the Canadian ambassador lives in rented quarters which, while adequate, do not insure continuity in occupancy.

As the committee is aware, construction projects have been in progress throughout the fiscal year 1955-56 at The Hague, Paris, and Tokyo. I am pleased to report that the construction of the office at The Hague and the erection of an extension to the office in Tokyo have both advanced much more rapidly than anticipated a year ago. Both projects are very close to completion and at the moment the estimated final cost of The Hague is \$290,000 (in blocked currency) and of Tokyo \$270,000. The new offices should be in operation by early summer. Progress of work on the Paris office building, however, has been relatively slow owing to time-consuming demolition work prior to new construction. It is now anticipated that the new chancery, estimated to cost \$585,000 in total, cannot be made ready for occupancy until sometime during the fiscal year 1957-58. The program of construction in Paris scheduled for the coming year is estimated at \$225,000, and this amount is included in the 1956-57 estimates.

In addition to these main construction projects, alterations and renovations to cost approximately \$25,000 are in progress at the official residence bought

in March 1955 in Rio de Janeiro, and the work of converting the building, acquired in Rome in August 1955, into a chancery is to commence shortly at an estimated cost of \$33,000.

The estimates for 1955-56 provided a sum of \$700,000 compared with \$800,000 this year not specifically earmarked for any individual projects. This will enable the department to take care of anticipated purchases which may be found desirable on the grounds of economy or necessity during the year, of three, and possibly with luck, four properties, and for the necessary preliminary planning work and commencement of construction on at least two building schemes. In line with the committee's previous recommendations, we have continued to give priority in our planning to the accommodation needs of staff in the Far East. Although it appears that there might be some prospect of renting suitable accommodation for use as offices in Karachi, the most effective solution to our problem there seems to lie in purchasing a building and converting it into an office, which would perhaps entail a minimum outlay of \$150,000 exclusive of renovations which may be required. This would be one of the projects which would be financed out of the \$800,000 in unallotted funds if it materializes.

There is some urgency as well to provide better living conditions for staff at tropical posts such as New Delhi, Karachi and Tel Aviv. There is a good prospect of our acquiring four houses at these various places for staff accommodation, and these would be purchased out of the unallotted funds.

To alleviate present overcrowding it may also be advisable to purchase an office building in Copenhagen. In Buenos Aires, where exhaustive searches have been carried out over several years, no suitable residence is available for rental. We may therefore have to purchase there. However, the asking price for the only suitable residence that has so far been found was \$350,000. As this price could not be considered, the ambassador continues to reside in a hotel. Similar problems may arise in the not too distant future in Brussels, Athens and Dublin.

We are now concerned with the business of operating 60 posts abroad, including our consulates general and consulates. As an indication of our growing responsibilities in property matters, we now own 34 separate properties in 18 capitals. The experience we have gained in this field impresses us more and more with the desirability of purchasing or erecting our own buildings. None the less it is our intention to examine each case exhaustively and to proceed cautiously. We are giving prime consideration to the needs of posts where the housing situation is difficult or very expensive, with due emphasis on the effect local conditions may have on the health of our personnel. We are therefore implementing the program as speedily as our technical and administrative organization with which we control and look after property holdings abroad will allow.

NATO

The budget for the NATO civil headquarters provides for the salaries and allowances for the members of the NATO international civilian staff, travel expenses, office accommodation and furnishings, information activities and other administrative expenses of the organization. Canada's share of this budget has been 10 per cent of the operational expenditures and 6.7 per cent of the capital expenditures. Under a new single cost-sharing formula agreed upon last year Canada's share is now 5.8 per cent of these expenditures. This reduction was made possible by the entry of Germany into the organization.

Previously part of the Canadian share of the NATO civil budget was paid from the mutual aid appropriation but in view of the lower total Canadian share it has been decided that, starting with the fiscal year 1956-57 this department will be responsible for the Canadian share. This decision is

reflected in the increased amount in the External Affairs estimates. Total Canadian payment for 1955-56 is expected to be approximately \$304,000, of which about \$200,000 is being paid by this department. For 1956-57 we are asking for \$223,625; all from Department of External Affairs.

At the present time the NATO international secretariat is housed in temporary buildings at the Palais de Chaillot constructed by the French government for the 1951 session of the United Nations General Assembly. Member governments have found their own accommodation in Paris for their respective delegations to NATO. A new consolidated headquarters is now being constructed, the financing being shared by the member countries of NATO. The new NATO headquarters will house the main council chamber of the North Atlantic Treaty Organization, a number of smaller committee rooms and approximately 900 offices. One wing of the building will be used to house the delegations of member nations, and that part of each delegation's rental payments earmarked for amortization of the capital cost will be used as a credit against the annual assessments for the NATO civil budget. The French government has provided the land and will construct the approaches. It is expected that the building will be completed early in 1958.

Canada's share of these construction costs is 6.08 per cent and the total Canadian share is expected to amount to approximately \$425,000 (Cdn.). Again, starting with the fiscal year 1956-57, the total Canadian share will be paid by External Affairs. During 1955-56, the first year in which contributions were requested, part of the Canadian share was paid out of the mutual aid appropriations.

UNO

Just as we were about to close our 1956-57 estimates, sixteen new members were admitted to the United Nations, and on the basis of the best information available at that time, assuming these new members would be contributing to the 1956 budget, we arbitrarily reduced Canada's contribution figure by \$170,000 Canadian. We have since learned that because the contributions committee will not undertake to set rates on the basis of the enlarged membership for some months, the amendments will not be known in time to apply to the 1956 assessments. It is the intention, however, to have the new members pay their share of the 1956 budget, and they will probably be asked to contribute for 1956 and 1957 at the same time. The adjustments to the 1956 assessments of other members, resulting from this, will be applied as credits against their respective 1957 assessments.

Because of this method, we will be obliged to ask for the restoration of approximately the \$170,000 which was deleted, when we submit our first supplementary estimates for 1956-57.

NOTES REGARDING THE ECONOMIC AND SOCIAL FUNCTIONS OF THE UNITED NATIONS

A premise in the foundation of the United Nations was the belief that no international organization for the maintenance of peace and security could be adequate which did not include effective machinery for dealing with the world's major economic and social problems. The founders of the United Nations thus called for the establishment of the Economic and Social Council (ECOSOC) to provide the positive, constructive means of implementing the social, economic and humanitarian purposes and principles of the charter and to serve as the instrument for removing economic and social injustices which undermine international understanding and stability.

In its early years, ECOSOC showed only limited usefulness. However, by 1952, early programs and plans were consolidated and a new and we think encouraging trend was established. There was much less acrimony and fewer exchanges of bitter propaganda between the communist bloc and other countries.

The practical work of the council has correspondingly benefited. The functioning of the council is being also greatly improved as a result of a general review carried out in the past two years, "of the development and co-ordination of the economic, social and human rights programs and activities of the United Nations and the specialized agencies as a whole". There has been a greater concentration upon the attainment of limited objectives and a more practical approach altogether.

The record of the United Nations in the economic and social fields may not be spectacular, but it is showing considerable progress and some worthwhile accomplishments. In economic matters perhaps three developments might be mentioned as of major significance during the last year or so. The regular program and the expanded program of technical assistance which help the economically under-developed countries, are receiving greater support throughout the world. The regular program of technical assistance is financed out of the ordinary budget of the United Nations and is more directly the responsibility of the General Assembly, but the expanded program, which depends upon voluntary contributions from interested governments, is supervised mainly by the Economic and Social Council.

At the Sixth Technical Assistance Conference in 1955, Canada announced that subject to Parliamentary approval it would contribute \$1.8 million to the expanded program in 1956. This represents an increase of \$300,000 over the 1955 contribution and brings the total Canadian contribution since 1950 to \$7.2 million. By September 30, 1955, the total contributions of all countries had reached \$113,216,000.

It is hoped that the International Finance Corporation will soon begin operation when a total of 30 countries have subscribed some \$75 million. The basic objective of the corporation is to encourage the growth of productive private enterprises, particularly in the less developed areas of the world. In order to attain this basic objective it will offer loans, recruit capital and find experienced management, and generally attempt to stimulate the flow of domestic and international private investments.

In October 1955, Canada became a member of the corporation, and purchased shares in the corporation valued at approximately \$3.6 million.

The third development in the economic field is the consideration which is being given to the possibility of establishing a Special United Nations Fund for economic development already known as (SUNFED), which would provide grants and long-term low interest loans to the governments of under-developed countries. The Canadian position with regard to SUNFED is under study.

One of the most practical and successful undertakings of the United Nations has been the United Nations Children's Fund (UNICEF), one of the United Nations assistance programs. This welfare program for needy children in under-developed countries is receiving ever-growing support.

Canada is one of the major contributors; the total of Canada's past contributions amounts to \$9,375,000. Because of the substantial increase in the number and amounts of contributions in recent years, and bearing in mind the effectiveness of UNICEF programs, the Canadian government announced at the tenth session of the General Assembly that it intended to increase, subject to parliamentary approval, Canada's 1956 contribution from \$500,000 which was the amount given during each of the last five years, to \$600,000. Voluntary contributions to UNICEF from private sources in Canada amount to well over \$1.5 million since the inception of the fund in 1946.

Two other important assistance programs that have been carried out by the United Nations are the United Nations Relief and Works Agency for Palestine Refugees (UNWRA) and the United Nations Korean Reconstruction Agency (UNKRA). The first organization, UNWRA, is carrying out a \$200 million rehabilitation program begun in 1952, and an annual relief program of approximately \$25 million in the form of food, shelter and health care, for the nearly 900,000 Arab refugees from Palestine.

Canada is one of the major contributors to UNWRA; the total of its contributions amount to more than \$4 million. During the debate at the tenth session of the General Assembly, the Canadian representative announced an additional Canadian contribution, subject to parliamentary approval, of \$500,000 for the agency's financial year 1955-56; of this sum, \$300,000 would be contributed in the form of wheat.

The work of the United Nations Korean Reconstruction Agency has proved successful, but is now becoming limited in scope because of diminishing financial support.

Canada has paid in full its pledge of \$7,250,000 and in March 1955, contributed an extra \$500,000 over and above its pledge. In addition to its contribution to the long-range rehabilitation program, Canada has contributed salted cod valued at \$750,000 to the agency's emergency relief Program.

Among the worthwhile accomplishments of the United Nations in the social field have been the efforts of the United Nations Commissioner for Refugees to assist persons who have had to seek refuge for fear of persecution. Not including the Palestinian refugees there are still some 70,000 persons under the mandate of the High Commissioner living in refugee camps in Europe and the Middle East. In 1954 a United Nations refugee fund was established to finance projects leading to the integration of refugees in their present countries of asylum and to provide emergency relief for others. The first priority under the program is to reduce the number of refugees living in camps in the Middle East.

Canada contributed \$125,000 in the first year of this program, and in November 1955 the government announced that, subject to parliamentary approval, Canada will contribute a further \$125,000.

Other social and humanitarian activities in which progress by ECOSOC has been especially noticeable are in the fields of advisory social welfare services; the training of welfare personnel; financing of housing and community improvement programs; and international definition of standards and levels of living.

In reviewing the economic and social activities of the United Nations, one must give special attention to the work of the ten specialized agencies, which are the chief instruments through which member states have pooled their efforts and resources in seeking to promote economic and social progress and development.

Canada is a member of all ten of the specialized agencies and has tried to encourage and develop their programs.

By 1955, the specialized agencies had passed through the formative stage and were setting out on long-range programs, each in its own field of endeavour; however, they have developed co-ordinating machinery, as well as a number of co-operative undertakings. The most important co-operative undertaking in which the agencies take part is the United Nations expanded program of technical assistance; in 80 countries and territories, seven of the specialized agencies assist governments; more than 700 experts sent by the specialized agencies are at work in the field, and about 360 persons from under-developed areas have

been awarded fellowships for advanced training in special skills needed for the economic and social development of their countries.

In recent years the International Labour Organization has made a significant contribution to raising standards of living and in increasing regional productivity in under-developed countries through its own technical assistance program which has been carried forward in close co-operation with other specialized agencies. During 1954 and 1955 the World Health Organization, often in co-operation with other international agencies, intensified its campaign against malaria and is now aiming at world-wide eradication of this disease. In more than 20 countries WHO is assisting with malaria control. The effects of the joint WHO and United Nations children's fund campaign against yaws and related diseases are beginning to be felt in many lands. The Food and Agricultural Organization has made great efforts to gain international co-operation in solving the problems of increased world food requirements and in raising standards of nutrition, in expanding trade, and in improving production methods to help provide a basis for the maintenance and expansion of foreign agricultural markets. The United Nations Educational, Scientific and Cultural Organization is now concentrating on major projects to overcome educational and scientific deficiencies in the under-developed countries, priority being given to the fields of primary education, means of relieving racial and social tensions, the promotion of mutual appreciation of eastern and western cultural values, and scientific research for the improvement of living conditions. Other specialized agencies such as the International Civil Aviation Organization, the Universal Postal Union, the International Telecommunications Union, and the World Meteorological Organization are doing useful work in fields where international co-operation is essential. In 1956, Canada will contribute approximately \$1.4 million to the budgets of the eight specialized agencies mentioned, or approximately 3.4 per cent of their total budgets.

Also to be cited are two agencies whose operations are financially self-sustaining; the International Bank for Reconstruction and Development and the International Monetary Fund. The bank assists in the economic development of a number of countries by providing loans for development purposes where private capital is not available.

Canada has given strong support to the bank, having made its entire 18 per cent capital subscriptions (approximately \$60 million) available for lending, and has authorized the bank to obtain additional capital by the sale of its bonds in Canada to the extent of \$48.7 million.

Another useful agency is the International Monetary Fund which provides the machinery for international consultation and collaboration on monetary, payments and exchange problems.

The Economic and Social Council this year is holding its 21st session at this very time, April 17 to May 4 and its 22nd session in the period July 3 to August 4. A Canadian delegation will be present at the 21st session and will also attend the 22nd. You will recall that Canada was elected to the council during the last session of the General Assembly for a three-year term (Canada was previously a member of the council from 1946 to 1948 and 1950 to 1952).

Intergovernmental Committee on European Migration (ICEM)

The Canadian government, as a member of the Intergovernmental Committee on European Migration (ICEM), contributes annually to the administrative budget of the organization. While an increase in the membership of ICEM brought about a reduction in Canada's share in the total administrative budget from 8.51 per cent to 8.39 per cent, the increase in the total administrative budget resulting largely from salary increments for officials, headquarters employees and liaison mission employees, raised Canada's assessment from \$166,482 (Canadian) in 1955 to \$209,534 (Canadian).

Colombo Plan

You will notice an important change this year in the amount of one of the substantial items in our estimates which concerns the Canadian contribution to the Colombo Plan. The government has already announced that it proposes to seek an additional \$8 million for expenditure in 1956-57, bringing our contribution for the year to \$34.4 million.

The new allocations among countries next year will, as in the past, be determined largely by the nature and quality of the projects which are proposed. They are, however, projects which have already been approved and for which it is anticipated that part of the 1956-57 funds will be used. With these considerations in mind, it is reasonable to estimate that if the \$34.4 million figure is approved, for the regular program approximately \$13 million will be allocated to India; \$9 million to Pakistan and \$2 million to Ceylon; and a minimum of \$1.4 million will be available for technical assistance to all countries in the area.

The increase which the government is asking parliament to make available next year, plus a small cumulative unspent balance from past years, will enable the following additional allocations to be made; approximately \$5 million for the portion of the cost of the NRX atomic reactor which will fall due next year (you will recall that it was agreed to provide this reactor to India in such a way that the regular allocation of aid to that country would not be reduced); \$2 million for additional costs at the Warsak project in Pakistan; and about \$2 million for expenditures on modest projects in countries which have not yet received capital assistance from Canada including Burma, Indonesia, Malaya and the Indo-Chinese States.

As you are aware, the minister had an opportunity to see some of our Colombo Plan projects during his tour of south and southeast Asia at the end of last year. There has been substantial progress at these and other projects which we are assisting. During the coming year several of these projects will be completed while others are in various stages of construction or planning.

I believe that there is an increasing recognition of the contribution which Canada and the other donor countries are making to the economic development of south and southeast Asia. As you know at the last meeting of the consultative committee of the Colombo Plan in Singapore a decision was taken to extend the Colombo Plan until June 30, 1961.

In this connection I would like to draw your attention to the remarks made by Mr. Pearson on the Colombo Plan when he appeared before you on April 12. These will be found in the minutes of the opening meeting of this committee, and Appendix "A" to those minutes gives statistics on Canada's post-war financial assistance abroad 1945-57.

In this very important field, you will probably wish to have Mr. Cavell of the Department of Trade and Commerce come before you as he did a year ago. I understood Mr. Cavell will be available should you so desire.

Indo-China

The three supervisory commissions in Indo-China, in Cambodia, Laos, and Vietnam, are operating on substantially the same basis as I outlined in my statement to this committee last year. Although a number of the more important provisions of the agreements have been fulfilled, supervision of the carrying out of the continuing obligations of the parties, particularly in Laos and Vietnam, has kept the commission fully occupied.

In Cambodia the provisions of the Cease-Fire Agreement have been largely completed and the continuing responsibilities of the commission have been reduced considerably. This has made possible some reduction in the number of commission teams. As a consequence, the number of military officers for team duty has been reduced from eighteen to nine. It is hoped that further reductions will soon be possible.

While progress has also been made in the implementation of the Cease-Fire Agreements in both Laos and Vietnam, the continuing responsibilities of those commissions are considerably more extensive than in Cambodia and there has been no appreciable decline in the commissions' work. In Laos, failure to achieve a political settlement and the tense military situation has increased the pressure on the commission. In Vietnam the nature of the commission's work has changed. The withdrawal of the military forces to either side of the demarcation line has been completed but the demands for commission investigations in south Vietnam of alleged infractions of Article 14(c) on democratic freedoms and for other investigations have increased sharply during the past few months. As a result, the reductions in military personnel which have been possible in Cambodia have been largely offset by the increased pressures in Laos and Vietnam.

For this reason the total number of Canadians serving in Indo-China has remained stable at around the present total of 165. Of this total 132 are military personnel and 33 (16 officers and a clerical staff of 17) are civilians—with a few exceptions all regular members of the Department of External Affairs. As I mentioned to this committee last year, the need to keep our delegations to the commissions adequately staffed constitutes a considerable strain on both the Department of National Defence and the Department of External Affairs. Consequently we should like to see the work of the commissions wound up as speedily as possible. We are pursuing this objective in Cambodia, where the early withdrawal of the commission appears to be a more feasible proposition. In Laos and Vietnam, however, our present appreciation is that the commissions are still a necessary factor in the maintenance of the armistices in those two countries. In this connection the minister said in parliament that we would not "abandon the work so long as we are convinced that it is making an important contribution to peace".

As to the financing of the three commissions in Indo-China, I stated to the committee last year that this matter was treated only briefly in the three Cease-Fire agreements. As a result, detailed arrangements for meeting the costs of the commissions have since been under negotiation among the Geneva conference members, the supervisory governments, and the four Indo-Chinese governments. At the time the agreements were signed, the co-chairman of the Geneva conference agreed informally on the establishment of a fund (now commonly known as the Common Pool) by the United Kingdom, France, the USSR and communist China, to meet some of the costs of the commissions. This understanding was subsequently confirmed.

In August, 1954, the supervisory powers met in New Delhi and agreed that such expenses as pay and allowances of national personnel would be paid by the respective governments, but all other expenses, including the pay and allowances of personnel on the international secretariat, would be charged against the Common Pool. To enable the commission to begin functioning immediately, the three supervisory governments also agreed to each advance, on a recoverable basis, sums equivalent to \$100,000 (U.S.) to the Common Pool until the Geneva conference members could arrange to make regular contributions to the Common Pool.

While the principles governing the financing of the commissions can now be considered as settled, negotiations have continued over the past year concerning the details of the division of costs between the contributors to the Common Pool and the four Indo-Chinese governments and we understand that these negotiations have just been brought to completion. The Indian government has been acting on behalf of the supervisory governments in those negotiations. We understand that no set procedure for the regular replenishment of the Common Pool by the Geneva powers has yet been put into effect. Furthermore, although the Great Powers have made contributions from time

to time, up to the present there have not been sufficient funds available to make possible repayment of the sums advanced to the Common Pool by the supervisory governments or of the recoverable expenditures of these three governments. The responsibility for administering the Common Pool has rested with the Indian government and, as we understand it, the funds hitherto contributed to the Common Pool have been used to meet expenses of the commissions other than the local charges paid by the Indo-Chinese governments. The charges against the Common Pool have included the expenses of the international secretariats. We understand that we may expect a preliminary payment on the sum we originally advanced to the Common Pool in the very near future.

The Canadian government is also pressing for repayment of the recoverable expenditures made on behalf of Canadian personnel serving with the commissions. Claims for the recoverable expenditures to December 31, 1955, totalling \$657,493 for Canada, have been submitted to the international secretariat of the Vietnam Commission which is currently acting as the finance section for all three commissions. It is hoped that some action will be taken on those claims within the near future.

That, Mr. Chairman, concludes this general review of items which come to mind from looking through the estimates now before you. We would welcome questions which may occur to you and other members of the committee, and hope I may be able to answer most of them without too much difficulty. Any which cannot be answered immediately by myself or my colleagues, I will be pleased to give immediate attention to and supply the answers as soon as possible.

The CHAIRMAN: I am sure that I represent the views of every member of this committee in thanking you very much for your informative presentation this morning, Mr. Leger.

Mr. FLEMING: Yes. It was a very comprehensive and useful statement which Mr. Leger presented to us, and I think it would help to have his statement in writing before us when we begin our questioning. I suggest that we would be proceeding in a more orderly way if we reviewed the statement page by page, rather than roaming more widely over the items in the estimates.

The CHAIRMAN: I agree with you, Mr. Fleming.

Mr. McMILLAN: I think that is very sound.

The CHAIRMAN: Is it your pleasure to begin asking your questions this morning, or would you prefer to leave such questioning to another meeting? Mr. Leger will be leaving tomorrow morning along with Mr. Pearson and he will not be back before the 8th of May.

Mr. FLEMING: That being the case, Mr. Chairman, and in addition I expect that Mr. Leger has one or two things he would like to do today, perhaps we might not get very far with a lengthy statement like this today; so perhaps we might defer it until the next meeting.

The CHAIRMAN: Is it the pleasure of the committee to wait until Mr. Leger returns from Europe? I am in your hands.

Mr. DECORE: I think Mr. Fleming is quite right in his suggestion.

Mr. JAMES: Perhaps we might go along with Mr. Leger to Europe and ask him our questions on the way.

The CHAIRMAN: Do you move that we now adjourn, Mr. Fleming?

Mr. FLEMING: Yes, Mr. Chairman, I so move, and I wish Mr. Leger a very pleasant trip.

Mr. JULES LEGER: I am very grateful for the kind consideration you have given to me, when my time is not half as precious as yours.

Mr. FLEMING: We are always considerate of non-political people!

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HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, MAY 3, 1956

MAIN ESTIMATES—DEPARTMENT OF EXTERNAL AFFAIRS

Item III—Colombo Plan

Statement by Mr. R. G. Nik Cavell, Administrator, International Economic and Technical Co-operation Division, Department of Trade and Commerce.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.,
and Messrs.

Arsenault	Gauthier (<i>Lac-Saint</i>	MacKenzie
Balcer	<i>Jean</i>)	Macnaughton
Breton	Goode	McMillan
Cannon	Hansell	Michener
Cardin	Henry	Nesbitt
Coldwell	Huffman	Patterson
Crestohl	James	Pearkes
Decore	Jutras	Richard (<i>Ottawa East</i>)
Diefenbaker	Knowles	Starr
Fleming	Lusby	Stick
Garland	MacEachen	Stuart (<i>Charlotte</i>)
	MacInnis	Studer—35.

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

ORDERS OF REFERENCE

MONDAY, April 30, 1956.

Ordered,—That the name of Mr. Michener be substituted for that of Mr. Bell; and

That the name of Mr. Nesbitt be substituted for that of Mr. Montgomery on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, May 3, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Arsenault, Boisvert, Breton, Cardin, Crestohl, Decore, Fleming, Garland, Goode, Hansell, James, Knowles, Lusby, MacKenzie, Macnaughton, McMillan, Mitchener, Nesbitt, Pearkes, Starr, Stick, Stuart (Charlotte), and Studer.—(23)

In attendance: Messrs. R. G. Nik Cavell, Administrator of the International Economic and Technical Cooperation Division, Department of Trade and Commerce; R. W. Rosenthal, Assistant Administrator; F. E. Pratt, Chief, Capital Projects Section; D. W. Bartlett, Chief, Technical Co-operation Service.

The Chairman, in calling the meeting to order, suggested that Item 92 of the Estimates be allowed to stand and that the Committee proceed with the consideration of Item 111—Columbo Plan. He then introduced Mr. R. G. Nik Cavell, Administrator of the International Economic and Technical Co-operation Division of the Department of Trade and Commerce.

Mr. Cavell outlined in a general way the activities of his Division and the many kinds of assistance made available by Canada to less fortunate countries.

The Chairman, on behalf of members of the Committee, thanked Mr. Cavell for his excellent presentation of the work of his Division and suggested that members might wish to ask questions.

Mr. Cavell, during the course of questioning, referred to the following topics:

1. Economic Aid to Asia;
2. Training of Asiatic students in Canada;
3. Ceylon.

By leave of the Committee it was ordered that the following documents presented by Mr. Cavell be printed in the record:

1. Statement of Canadian Colombo Plan Capital Aid—March 31, 1956. (See Appendix A)
2. Summary of Expenditure on Technical Co-operation Program 1950—31 December 1955 (together with estimated expenditures to March 31, 1956). (See Appendix B)
3. Colombo Plan—Allocations, Commitments and Expenditures—31 December, 1955. (See Appendix C)
4. Statistical Summary of Technical Co-operation Program 1950—31 March, 1956. (See Appendix D)

Mr. Cavell's questioning continuing, the Committee adjourned at 1.00 p.m. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

THURSDAY, May 3, 1956
11.00 A.M.

The CHAIRMAN: We have a quorum, gentlemen, and I will call Item 111.
Item 111—Colombo Plan, \$34,400,000

Today we have the pleasure of having with us Mr. Cavell whose knowledge and management of the Colombo Plan is remarkable. I am sure you are all anxious to hear from Mr. Cavell, so I invite him to take the floor.

Mr. Nik CAVELL (Administrator, International Economic and Technical Cooperation Division, Department of Trade and Commerce):

Mr. Chairman and gentlemen, at my appearance before you last year I told you that generally speaking our aid program to Southeast Asia was going forward in a satisfactory way. I put before you the efforts the various countries of that area were making to help themselves. Actually something between 85 and 90 per cent of their total development effort is being borne by these countries themselves and you will perhaps remember that I outlined to you some of the assistance we were giving to help them in that endeavour. I told you then that in this endeavour we had inaugurated 38 projects and that a number of others were under discussion. The total number of our capital projects, large and small, has now mounted to 60, in addition to which there is a certain amount of equipment which has been provided under technical cooperation in an endeavour to make our experts in the field under the technical cooperation program more efficient and therefore more productive.

I am sure you will agree with me, Mr. Chairman, that it would take up too much of the time of yourself and your committee to hear me detail the whole of the 60 projects, and I therefore propose to do what I did last year and to table with you a list of them, which sets out their approximate cost and their nature. If any of you would like copies now, they could be distributed. Therefore, Mr. Chairman, I now ask your permission to table this document, which is headed "Statement of Canadian Colombo Plan Capital Aid as at March 31, 1956", together with statement showing allocations, commitments and expenditures as at 31st December, 1955.

As I explained to you last year, our operations break down into two parts: capital projects and technical cooperation, which is the training of people either by bringing them here from the area or by sending Canadian experts there. Just as with the capital assistance program, so with our technical cooperation program it would be impossible for me today to give you, Mr. Chairman and your committee, all the detail of our operation, and I therefore propose, with your permission, to table a statement as at the end of December, 1955, which shows our expenditures on our technical cooperation program, and attached to that statement you will find a short note which will bring the figures up to the end of the fiscal year, i.e. March 31, 1956; but I would add that these figures in the short note, whilst I believe them to be correct, are not the treasury's final figures, which are not yet available. However, I do not anticipate that there will be any more than a dollar difference here or there between these figures and the final ones. And so, Mr. Chairman, you can take my endeavour to bring your committee up to date on the figure as being reasonably accurate. Again those figures are available and if you, gentlemen,

would like copies now you could have them. Unfortunately, I have not got enough copies of the financial statement but there is a statistical statement here for distribution.

In addition to this financial statement, I would also like your permission to table a statistical summary—the one now being distributed—of the technical cooperation program up to March 31, 1956. This summary will, I hope, answer any statistical question upon which you or your members might like to have information, that is, from where did our trainees come, how many were there, what did they study, etc., and with your kind permission to table these statements, I will move on to my report proper to you and the committee.

I would like to start first with the technical cooperation program. Last year when I was before you I talked about our work in India, Pakistan and Ceylon, but you will remember that we received an extra million dollars last year which was to be spent on technical assistance in the new countries which had joined the Colombo Plan but had received no assistance from Canada. These were Burma, Malaya, Indonesia and Indo-China. There is nothing spectacular that I can tell you about our operation in technical cooperation. We operated for a very large part of the year with Mr. Bartlett, our chief of the Technical Cooperation Service away in Pakistan. He investigated technical and capital problems for us in various parts of the area and then settled down in Pakistan in a temporary position as acting commercial secretary there whilst the permanent incumbent came to Canada on leave. The object in sending him was to give him practical experience of these countries. One of the great difficulties in my shop has been to find people with this practical experience, and since we cannot find them we must try to create them for ourselves as opportunity offers. Mr. Bartlett, who is sitting with me here today, by filling a temporary job which had to be filled anyway, has now had this experience and is thereby vastly more valuable to our operation than he was before. He has seen for himself the nature of the conditions which he is helping to remedy, he has visited schools and educational establishments in the area, has talked to the officials who are trying to improve them and has sat in one of the countries—Pakistan—as a working officer long enough at least to get some experience. As time goes on, and as I can spare them, I would like other of my officers to have similar experience in the area.

I said just now that I have nothing spectacular to tell you about the technical cooperation side of the operation. I would like to point out that we are training young people and we are bringing them here in increasing numbers, and exposing them to our democratic way of life. We do all we can for them and send them back, but it will be some years before we can evaluate their usefulness, and more and more we realize that they are exactly like our own young people—some are brilliant, some do an average job and a small percentage are failures. But all the time I feel we are adding slowly but surely to the technical skills, agricultural, medical and other knowledge which these countries must have if they are to better the lot of their people. After residence with us here in a free and democratic society which has raised the standards of its own people to about the highest in the world, they certainly go back with a very different point of view from that which they hold when they arrive. We hope that their influence will be very considerable for at least 20 years to come, which will be their average working life after they leave us.

Our greatest difficulty is to find the fields in which we can best help. To aid us in this we send out research missions composed of the best men we can find in their field, or in some cases we send individuals who have had teaching or technical experience here in Canada, and these people go to one or two countries and try to discover for us in what area of education Canada can be most effective. One such mission has just returned from a tour. It was composed of Dr. G. C. Monture, chief of the mineral resources division, Depart-

ment of Mines and Technical Surveys, and Dr. A. E. Cameron, president of the Nova Scotia Technical College, Halifax. In this mission we cooperated with the United Nations. Dr. Monture visited Afghanistan and India for the United Nations on the same tour, and Indonesia for us, and Dr. Cameron was in Indonesia with Dr. Monture and in Burma by himself. So you see, gentlemen, we split up this group in order to make the best use of it and in order to allow the United Nations to do the same. These gentlemen recently appeared before our Policy Committee on Technical Cooperation and their advice was valuable. Obviously from such experts the Policy Committee reaches a very much better position from which to evaluate the type of technical assistance aid which we should give to these countries.

I would like to take a moment here to bring to the notice of the committee a few facts about the countries of Burma, Indonesia, Indo-China and Malaya. They are not nearly as stable or advanced as India, Pakistan and Ceylon, where we have until now done most of our work. Burma fell into terrible chaos both during and after the Japanese occupation. Her communications were destroyed, what little business she had was completely disrupted, and from being the largest exporter of first-class rice in the world, her agriculture fell to such an extent that she was hardly growing enough rice for her own needs. This of course meant that she virtually had no exports from which to earn foreign currency, with the result that she was compelled to cut down her development program very considerably. The situation has very much improved but she is still not in the fortunate position she was before the war. She has now succeeded in bringing to an end the three civil wars which were raging in her own country after the Japanese left. Slowly the government is regaining control, but even today it is not safe to move about many parts of Burma without a military escort and obviously this situation impedes our work and makes it difficult for us to know where we can head in and help. I am glad to be able to say that her export position is also improving, but in the meantime her customers for rice have largely begun to deal elsewhere or to grow their own, with the result that her export rice surplus was lying heavily on her hands, and you will perhaps remember that Russia moved in and took it over, which is only one example of the very fundamental way in which Russia is entering the field of aid to Southeast Asia.

Indonesia is better off; she has now settled most of her difficulties with the Dutch and is gradually evolving a better and stronger government. That government is beginning to turn its attention to a different system of education and to the needs of the people. But here again recent events of history make it difficult for us to see exactly where we can best assist.

Canada has a specially advantageous position with regard to the Indo-Chinese states, they were under the French and therefore, outside of their indigenous languages, their language is French and not English as in India, Pakistan, Ceylon and Burma. We can be of great assistance here because outside of France we are the only nation with a large established French population, having schools and universities teaching in the French language. We are able, therefore, to offer training to their young people who speak French as their second language. We are now arranging to take 40 Vietnamese students:

- 10 on agricultural machinery;
- 10 on road machinery; and
- 20 on tractors

They are going to Ste. Anne de la Pocatiere, which is the agricultural school of Laval University. I would hope that some of the French-speaking members of this committee would meet these boys. This will be the largest single group from any country to arrive in Canada under our technical cooperation program. Personally I am very happy that this largest group should come from war-torn Indo-China, which certainly needs all the help we can give to get on its feet.

As you know, the agreement achieved last February between Malaya and Great Britain looks for Malaya to be an independent state within the commonwealth by August, 1957, if possible. A constitution has to be written and Canada has been asked to send one man, together with the United Kingdom, Australia, India and Pakistan, for this purpose. This would tend to develop and expand the sources of aid to Malaya. So far as Singapore is concerned, that island is not included in this agreement and, as you all know, a Singapore delegation headed by David Marshall is now in the United Kingdom trying to reach agreement for self-government. All these factors, it seems to me, would tend to diversify the nature of aid both to Malaya and to Singapore, but one must not forget that the over-all percentage of Chinese is 50·8, a potent factor which cannot be ignored in the aid or any other field when thinking of this particular country.

You might be interested to know how our technical assistance training fits in with our capital projects. Our cement plant in Pakistan which, you will remember, was built in Montreal, is now producing on an experimental basis. Pakistan has been unable to find sufficient personnel to run it and so we are finding some supervising staff and helping under technical assistance to make sure that the plant does not break down from want of trained people. By the way, you might be interested to learn that the Pakistanis have called the cement plant we have built for them "The Maple Leaf Cement Plant". And so with the various electrical generating plants in which we are engaged, we send out Canadian technicians to help run them if required and there is a continuous cooperation with the engineers of the country concerned when we are building them.

However, it would not be right for me to let you think that all this works automatically and always with absolute accord. You must remember that what is happening here is that one of the most technically advanced nations in the world—ourselves—is cooperating with nations still 80 per cent and sometimes 90 per cent agricultural; they are short of technicians, short of engineers and have a mass population which, for the most part, has no machine training or technical background, whatsoever. We are in trouble, for instance, at our Warsak project on the northwest frontier because enough Pakistanis with technical training cannot be found to cooperate with our people. We have the same problem in East Bengal where we are bringing into being at the present time two badly needed thermal plants. This is no one's fault, neither is it an easy situation to remedy. There is, of course, a limit to the number of Canadians we can find and send out. In this connection, of course, the boom situation in Canada mitigates against us. It is not easy in the first place to find these highly trained men in Canada, if they are good they already have well paid jobs and if they are not good they are useless to us. It is difficult to persuade such men to leave those jobs and go off to countries about which they know little or nothing, to face bad climates, perhaps disease and a standard of living below that to which they are accustomed. So, gentlemen, do not go away with the idea that there are not serious problems. There most certainly are and they are likely to continue. All we can do is deal with them on a day-to-day basis as they arise. So far we have been able to persuade high calibre men to work for us and we hope to continue to find them and to persuade them that the experience will be good for them.

We are still continuing to work on projects which we feel Canada can best supply. Since we are probably the world's most experienced people in hydro electric generation, it is perhaps natural that we should have embarked on five hydro electric stations in the area, as you will see from the report I have tabled. Remembering the difficulties I have just mentioned, we have found consulting engineers, hydro electric experts and such-like people to design and get these projects built. In addition, we have undertaken electrical distribution

systems and some thermal generating plants. We have done this firstly because, as I have already said, we are experts in the power field, and secondly, because power is the fundamental requirement of Southeast Asia. Given power, they can have agricultural pumping, small industries, etc., and so lead a better way of life for which power is a first vital necessity.

We have also, as I told you last year, gone into the communication field because communications are another vital necessity in the betterment of the lot of any people.

The cooperation with aid agencies which I believe I mentioned to you last year, still continues. In fact, it improves. There is every year, the annual meeting of the Consultative Committee of the Colombo Plan. Last year this was held at Singapore and this year will be held in New Zealand. At this meeting, as you know, the economic situation of Asia is studied and the nations concerned as donors try their best to match their technical assistance and capital projects with the individual needs of the various countries in the area. In addition, there is cooperation with the United Nations Assistance Program, the International Cooperation Administration and the International Bank for Reconstruction and Development.

Here on the North American continent, there is a continuing cooperation between me and my officers and the officers of these agencies and particularly with the International Cooperation Administration and the International Bank. The International Cooperation Administration is the organization through which the United States administers its aid. All this cooperation, of course, is organized to prevent overlapping and to keep each other informed on economic and other problems which arise continually.

We are also in very close touch with the International Bank for Reconstruction and Development, whose reports are probably the best prepared of any and which is most cooperative. This kind of cooperation, of course, cuts down time and expense because we then do not have to go out and seek so much information for ourselves.

You will recently have seen in the press that parliament this year is going to be asked to increase our appropriation to \$34.4 million from the \$26 million at which it now stands. This is very largely to take care of the atomic reactor which we are giving to India. This is a research type of reactor, in fact an exact copy of the research reactor we have at Chalk River. There are several good reasons why this reactor should have been supplied by us. Atomic power is going to be of the utmost value to these underdeveloped countries. They have very few hydro electric sites which they can develop and some of those which they have are in areas where profitable development would not be possible. Many of them are also short of coal and oil, and obviously under these conditions atomic power will be invaluable to them, but no one can jump into atomic power without a lot of experimental work and careful scientific training. The atomic reactor of the type we are sending to India is just the research reactor which affords this training. India has undertaken to train young scientists from all over the area and this reactor will therefore, we hope, play a very great part in the future development of these countries. With such great scientists as Dr. Bhabha it was inevitable that India would develop along these lines and it was therefore appropriate that a country such as Canada, which is well regarded in India, should help her on her way.

I do not know whether any of you gentlemen have read a book called "Soviet Professional Manpower" which was put out by the Russian Research Centre of Harvard University. This book seems to me to show—and I presume we can take it as being reasonably accurate—that Russia is getting ahead of the west in training young scientists, engineers and other technical people, and

whilst, as I have already told you, we are having considerable difficulty in finding the proper people to go to Southeast Asia, the Russians as you know are now offering to send almost any number the Southeast Asian countries will take, and are also offering training in Russia. Of course they can order their experts anywhere they want them to go and make them accept any terms they want to force on them, but it does seem to me worth noting that there is now quite a likelihood that any experts we cannot supply, the Southeast Asian countries can, if they so wish, obtain from the Soviet area.

There is one more point, gentlemen, I would like to make and that is that we have tried to disperse the trainees we receive from Southeast Asia as widely as possible around Canada and so far as possible we have tried to do the same in the selection of technical experts, and there has been a definite reason behind this. It seems to me that not only are we giving training to Southeast Asians but we are an exporting country and are likely to be so for many years to come: Southeast Asia will, we hope, when its people acquire a little more wealth, be purchasers of our equipment, and it is therefore good that as many as possible of our business men and professional people should become acquainted with the area, apart altogether from the humanitarian issues which are also involved. British, German and American contractors have had a lot of experience in the foreign field and now under Colombo Plan auspices some of our contractors are obtaining like experience in Southeast Asia.

I do not think, gentlemen, I have anything more to tell you today except this: that the more I see of this operation, the more I believe it to be vitally necessary if we are to maintain a free world and not see huge chunks of it succumb to the totalitarian doctrine. However, I would also like to say that the glamour and excitement of finding proper operational paths and of beginning our first projects has long ago given place to the hard grind of keeping a large number of projects up to schedule and dealing with the multifarious problems which, of necessity, arise from them. This is so not only in our Canadian operations; it is so in the whole field of western aid to Southeast Asia and other underdeveloped areas. The merging of highly technically advanced nations in the aid field with very underdeveloped and non-technically minded people presents an enormous number of very complicated problems. Whereas the first thing a child in our home stumbles over is his mother's vacuum sweeper or some other piece of electrical equipment, the only thing the child in the Asian village knows is how to twist the bullock's tail to make him go a little faster. The two states of mind are vastly different and to bring them together and still more important, to forge a friendship between them in the process, is not an easy task. But I think I can say that we are slowly accomplishing it.

The end has come to the first Five-Year Plan in India and by and large it has been successful. Now they embark on their second Five-Year Plan which will again enmesh them in more hard work, vast expenditures on development and still leave millions of their people in the agricultural villages in a state of insecurity and great poverty, not judged by our standards but by almost any standards; and so it is in all these countries—what is being done is slow and all too little.

Just as it has been said that you cannot have a free world half slave and half free, so it has also been said that you cannot have one-half starved and one-half fed. The task to which we have set our hand is by no means finished.

I think, Mr. Chairman, that is all I have to say today and if you or the members of your committee have questions for me, I shall do my very best to answer them.

The CHAIRMAN: Mr. Cavell, I wish on behalf of the committee to thank you very much for your very concise and informative presentation.

By Mr. Fleming:

Q. Mr. Chairman, I am sure we are all indebted to Captain Cavell for his illuminating and comprehensive statement. There are a number of matters of a specific nature on which I would like to ask some questions, and there is one of a general nature on which I would like to have his further comment. I am sure there is more than one broad reason why we have always supported this plan. I hope that our principal reason and motive is humanitarian. Nevertheless we have also to bear in mind the strategic nature of this area in the world and the fact that Russia has had its eyes on it as well, with a view to furthering in general the communist world position. I wonder if Captain Cavell would care to make a further comment on the over-all position in terms of world strategy in the economic field? Has it developed within the last year, since he was before the committee with his report a year ago? Is the urgency of aid of this kind from the free world becoming greater as Russia apparently extends more widely her offers of technical assistance and the services of technical personnel?—A. Well, Mr. Chairman, I would think in terms of strategy that the situation has become more urgent for us. I would like to couple with that what I believe to be the case, that we cannot buy these people. I do not believe we can buy the south-east Asian countries to our side, and for that matter I do not believe that the Russians can buy them to their side. But of course they are attracted to the Russian point of view to some extent by the speed with which the Russians can work as compared to the speed with which democratic countries can work. We, of course, cannot work under the democratic system as fast as the Russians. Therefore the Russians can and do point out that the west does a lot of talking, whereas they can deliver more quickly. But I do not think this fools very many of the top people in the Asian countries. I think by and large they are committed to the democratic way of life, but owing to their poverty they are not attractive as a location of capital, they are therefore more attracted to a socialistic than they are to a capitalist approach, and I think that the answer from our point of view would be to get the whole drive of our capitalistic system working there. But that is a very difficult thing to do in countries which have laid out for themselves a socialist path. But I feel very strongly that what has made us a wealthy country is the freedom with which the capital drive can work, the initiative which you get in a country which is not held back by over-all government controls and that kind of thing.

I do not believe that Asia can develop appreciably without a very large sector of her economy being allowed to develop along capitalistic lines. The principal problem is: where is the capital coming from, and how can we engender that confidence which we must have before it will invest in these countries? That might be something which we would have to take up at the international level through the United Nations or something of that sort. Personally I do not believe that they can move fast enough along socialist lines to make any appreciable dint on their poverty because they have not got the technicians; they have not got the administrators; and I think that their success depends very largely on good administration. If you have not got good administration,—whether it be a company or a socialist regime,—it is very difficult to attain success. It is administration that they need and the ability to move forward under a large number of diversified managements, and that is what they lack.

Q. Would you be good enough to enlarge on this aspect as to whether, through the Colombo Plan, you are making an impression on the minds of the masses of the people, or if the impression is largely confined to people at the official level, and in what we have been spending or doing, is the

rising tide of nationalism, the nationalistic feeling in those countries of south-east Asia,—is it directed more against the countries of the west than against Russia?—A. Would you mind repeating the first question again, please?

Q. My first question was as to whether through the aid given under the Colombo Plan we are within the last year making more of an impression on the minds of the masses of the people, or is the result of our aid largely confined to the minds of the people at the official level?—A. When you talk of the mass mind of Asia, you are talking of a mind which is from 80 to 90 per cent agricultural, which lives in villages, and which has virtually no contact with the outside world; no newspapers penetrate there; and radio has only got in in a limited way just lately.

To answer your question specifically, I would say that we are not making any very great impression on the mass mind of the people at the bottom, but we are, I think, making a very considerable impression on their leaders. I do not think anyone can make a very great impression on the mass mind of the people at the bottom until their educational facilities are very much better, until they can become literate, and until the radio or whatever medium their governments wish to use through which to impart knowledge, is on a much wider scale than it is at the present moment. But I do think we are making quite a valuable impression on the minds of their leaders. I think many of these leaders—as I said before—are quite anxious to maintain a democratic system of government. I think the more contacts they have with us, the more this becomes apparent.

I would like to say this, Mr. Fleming, that I do not think we are having enough contacts with their leaders. When you think, for a moment, there is hardly a day, I suppose, when we have not got numbers of people either on the way to, or coming back from Europe, officials, minister and other people who are going back and forth. But they are not doing this with respect to south-eastern Asia and I do not think we have the contact with leaders there that we should have if we are really going to make an impression upon them.

These people are looking to us for friendship. One of their great troubles I think is that they feel the lack of discussion with them and that they are not in our confidence. I think more meetings and conferences at the top level would very greatly help to remove that impression, and so enable us to make more of an imprint on their minds than we are now making.

Q. Having regard to the matter of their nationalist feeling, would you say it is any more directed against the west than it is against Russia?—A. I do not think that the nationalist feeling is becoming more directed against the west. I think that their concern with socialism quite often makes us think so, but I think the leaders of those countries know pretty well what a communist state would mean for them, and although they are, as I said just now, largely socialistic—India is going more and more along the socialist road—I do not think that that means that she necessarily goes along the communist road, or that her leaders are thinking in communist terms.

As you know Nehru was educated in Great Britain and is, I think, very western minded. I would not say that they are any more in favour of a communist regime than they are in favour of a western regime. I think quite the contrary is the case.

The CHAIRMAN: Mr. Michener.

By Mr. Michener:

Q. Mr. Chairman, I want to pursue another line of questioning, but before doing so I would like to ask one question following Mr. Fleming's suggestions. Mr. Cavell himself has suggested that we cannot buy the Asians. I wonder

whether the Colombo Plan is in any sense regarded in Pakistan, for example, as being an attempt to buy them?—A. In Pakistan, I would say no, and the attitude of Pakistan is, as far as I am able to ascertain it, to take all aid she can get. I would not say of Pakistan particularly—that they feel that by giving them aid we are trying to buy them. I would think that Pakistan is certainly one of the countries where that would be true.

Q. Among the Pakistanis who do appreciate what is going on, it has been largely the leaders; is their attitude towards these activities one of cordial gratitude or is it one of reluctance to accept, but out of necessity, and that their attitude is very often that which a recipient of a gift displays towards the giver, one of some resentment?—A. There is of course some resentment, not I think because of the aid, but because of the fact that they are in a position to have to take it. I think that is only natural and it is a well known fact that the giver of gifts is always—

Q. Would you say that on the whole it strengthens the bonds between Canada and Pakistan?—A. I would think that on the whole it does; with regard to Pakistan, yes.

Q. Would you say that the giving of aid for example in the form of a cement plant, or in the form of actual technical information and the training of their students here which is more effective in bringing about good international relations between us and them?—A. I would think it was about fifty fifty.

Q. You would say that both are effective?—A. Both are very effective!

Q. You seem to differentiate between Pakistan and other countries in this line of enquiry.

Mr. STICK: Pakistan is more western minded than any of them.

The WITNESS: Yes.

By Mr. Michener:

Q. Would you mind elaborating on that?—A. You must remember that Pakistan is the newest country in the world; she is only about 8½ years old. Her government started absolutely from scratch with nothing, not even typewriters and chairs to sit on. When she was founded she started off with virtually nothing. Therefore she has a very long way to go. I marvel not that Pakistan is in that situation, but that she is surviving at all as a nation when she is divided up the middle by India, and has the administration difficulties which that brings about. I think that Pakistan needs aid more than any other country and therefore she is more anxious to get it in order to get herself started and to get her industries founded.

Q. Would you please comment on the attitude of the Indians towards Canada as well?—A. The attitude of India is different because India is not in the position that Pakistan found herself. India took over a going concern. She took over Delhi where all the establishments of government resided; and she took over the army, the navy, and the police force, very largely all well established organizations, and she also took over all the industry. What is now Pakistan was the bread basket of the old India, the agricultural part of India what is now India took over industry, which was the industry of the old India. Therefore she is in a different position from Pakistan altogether, Mr. Nehru, as you know, is very anxious to develop her industry along socialist lines. Also he is very anxious not to become entangled in the world's cold war problem. He feels, and has repeatedly said, that he has so much to do in developing his country that he cannot afford to allow his country to become embroiled in those problems. Therefore his attitude is a little different and we must also remember that Mr. Nehru was all through the freedom

movement and therefore has a certain state of mind which is exhibited very much in this way: he feels that India was held back by the colonial regime, and that we therefore should help him to bring his country more up to date in order to make up for its being held back.

Q. He has the attitude that we ought to do all we can to aid India?—A. Yes. He feels that the west owes that to India to some extent.

Q. I have some questions on quite a different subject so I shall break off now and come back to them later.

The CHAIRMAN: Now, Mr. Stick.

By Mr. Stick:

Q. Mr. Chairman, I want to ask Mr. Cavell what the attitude is of those Indian students who came here to our Universities and went back home? Are they helping people there to understand us better, or what?—A. I think, Mr. Chairman, that the influence of those students when they get back depends on the students themselves, but by and large I think they have had a very good effect. We must remember that they will have seen really democratic country at work for the first time in their lives, and also a very advanced country. Judging by the questions which they ask us when they are here I would gather the impression that they feel that what we have done they can do, if they go the right way about doing it. They know that we started out with very little aid; that we had a difficult country to develop, with our great north and one thing and another. They go into all those problems and they understand them very well by the time they go back home, and we try to make them understand them. I think that they have had a good effect in general, and that they are securing, when they get back, a more tolerant point of view for the west.

Q. You answered a question a moment ago and stated Mr. Nehru's attitude towards the east and west. Would you agree that his attitude is more Indian than anything else? In other words that he is thinking of India and that his chief problem is India and that he does not want to become embroiled with the west?—A. I would agree entirely with that.

Q. I have another question but it has to do with the atomic reactor so I shall stop for the moment.

The CHAIRMAN: Mr. Knowles.

By Mr. Knowles:

Q. I have one or two questions along the same line which has been pursued by previous members. I am sure that we all agree with Mr. Cavell's statement that we cannot buy these people in south-eastern Asia by dollars. I think we all agree that if our strategy is something ulterior and that if it were to stand out too much in our efforts down there, that it would defeat our purpose. I am satisfied that Mr. Cavell and the others who are administering our program have been influenced by that fact in their approach. However I wonder if we are getting at the categories of people with whom you are in contact in south-east Asia, and that our approach is based on a genuine humanitarian desire to improve the lot of mankind the world around? I am not asking you the question: "is that your approach", because I know it is. But do you feel that genuineness is getting across to the people with whom we are in contact in those countries?—A. Yes sir, I would say that it is. We certainly emphasized it when we have them here, and I think they go back with the impression that Canada has little to gain in this endeavour except the stated objectives.

Q. That has been one of the strengths of the Canadian position in international affairs for a long time.—A. It has been!

Q. With our participation in world affairs in various ways, and not as has been the case with some other participants, it seems to me that we have a real contribution to make not only on behalf of what we do but on behalf of the west generally, and that we can persuade the people in that part of the world. As long as we are genuinely interested in them as human beings, that is what is of the most value, rather than the question of what our administration is doing in that area. Now may I ask you another question growing out of remarks which you made with respect to the socialist instincts of people like Nehru in that part of the world; would you not agree that it is a kind of socialism which blooms in a mixed economy, and therefore in essence it really is much closer to the democracy of western Europe than it is to the totalitarianism of the east?—A. Yes, I think I would agree with you. I would certainly agree with you that it is not amiss in a mixed economy and that is what I was trying to say.

By Mr. Stick:

Q. What kind of a socialist is Mr. Nehru? India seems to have adopted socialism.—A. He might not know that himself, perhaps exactly.

Q. I know. Perhaps he is experimenting.

By Mr. Knowles:

Q. And not only him, Mr. Chairman. In other words there is an ideological opening for the west to take part in helping develop their economy despite the alleged difficulty that there might be between socialism and western capitalism.—A. I would say that there most definitely is!

Q. I take it from what you said about your desire that there be more contact between us in the west and the people of south-east Asia that you would be glad to know that the next meeting of the Commonwealth Parliamentary Association is to take place in India, I believe, and that it will be held after the next election, so that no one knows just who will be going.

Mr. MITCHENER: Or when he will be there.

Mr. KNOWLES: The next meeting will be in the winter of 1957-58, six months after the next election.

Mr. STICK: You know more about it evidently than the Prime Minister!

By Mr. Knowles:

Q. I am not asking you, Mr. Cavell. I simply say that I think it would be a very good idea if the delegation from the west might be enlarged for that occasion so that more than parliamentary people might meet the people out there.—A. I am sure you will realize that that is not really my concern and I will go back to what I said before: that any type of contact that the west can have with the leaders, members of parliament and such like influential people in the east today, would be of the utmost advantage in merging the thinking of east and west together. I feel that we are not nearly close enough to those people. You may have noticed the avidity with which they welcomed a man like Reuther, the American labour leader, who was out there the other day. I think he made quite an impression on them, and he seemed to have quite a successful visit. The press spoke of it very favourably and I would certainly like to see more contacts of that nature going on all the time but with Canadians.

Mr. FLEMING: I think I should remind Mr. Knowles that the number of delegates from any country to a parliamentary commonwealth conference is established by the host country, and not by any country sending delegates.

Mr. KNOWLES: Just one other question. What is done with respect to the students who come to this country by way of making it possible for them to mingle with ordinary Canadians and get a taste of our ordinary life?

Mr. CAVELL: As far as possible we put these students in homes. On the occasions when missions have travelled across the country we have made quite sure that the provincial governments are informed, and the provincial governments have been very good in arranging meetings between their citizens and students. There has been a considerable mingling of these students with the people of Canada. Friendship House has been started by a dedicated group in Ottawa, where those students who are in Ottawa mingle with the people of Ottawa. And of course those who go to the universities mix with the other students and take part in university life.

Mr. KNOWLES: Do many of them want to stay after completing their courses?

Mr. CAVELL: Some of them do, especially those who stay here long enough. I find more and more that after we have had them for long periods they come to like our way of life so much that they begin to think about staying with us. Then we have to point out gently that we did not train them for citizenship in Canada, but to go back and help their own people.

Mr. KNOWLES: Have you any figures as to the number who have, in fact, stayed?

Mr. CAVELL: There was only one, I think, and she got married. She married a Canadian and we have no control over that kind of thing.

Mr. GOODE: May I ask Mr. Cavell what we have done in India under the technical assistance plan to teach these people to grow wheat? Some of us have heard, on this committee, that wheat is actually being grown in India through this assistance, or that it is contemplated that we should teach these people how to grow wheat. Is that true?

Mr. CAVELL: Wheat has for centuries been the food of the people of the north. They grow wheat in the Punjab, and that area, but the people of the south eat rice. For some reason you cannot change a rice eating people into a wheat eating people, and in any event wheat will not grow in some of these very warm areas. Rice is the staple food in the south and in many other parts of India, and has been for a very long time.

Mr. GOODE: I asked that question because according to your statement there is an allocation of \$10 million in respect to wheat, and I have heard in this committee in some former year that we were teaching the people of India, at some location in India—I have never been there, so I do not know—to use modern methods in growing wheat. Is that right? I think it is.

Mr. CAVELL: The United Nations, as an agricultural organization, has of course done a lot of work in teaching them to grow all kinds of grain better than they were growing it in the past; but I do not think any special emphasis has been placed on teaching them to grow wheat.

Mr. GOODE: The reason I asked that question is, of course, this: as you know we have a surplus of wheat in Canada and we would like to sell it. As I said, there was a reason for asking that. Mr. Cavell expressed a good deal of concern with regard to the rice situation in Burma; he said that because of certain things which happened during the war Burma ceased to be a rice exporting country. At one time Burma was, I believe, noted as an exporter of number one rice, which was good rice—I know, because I have bought a good deal of it—but today they have not got it. He said also that it was our task not only to talk to the head men of Colombo plan countries and interest them in our way of life, but also that it was an even more important task to interest the masses—the ordinary people.

I do not know of any better way in which we could impress the ordinary people of any country than by providing them with food, and we have wheat in surplus. It seems to me that although this is not a political matter—

An Hon. MEMBER: Who said so?

Mr. GOODE: That was emphasized by Mr. Pearson before the committee this year—we could do a tremendous amount with regard to the masses by shipping Canadian wheat to them and saying: "This is Canadian wheat from Canada." Do you not agree?

Mr. CAVELL: Not entirely sir. The problem we have before us in the Colombo plan administration is to improve the living standards of these people. To the extent that we administer what might be called a relief organization we are working against our best interests in the field we are supposed to service. What we are trying to do is to give these people, if possible, facilities to grow their own food and to help themselves. That is what we were instructed to do by parliament, when it made the grants; and that is what we are trying to do. They will never become self-supporting if we send them food. Apart from that, the great mass of the population consists of rice eaters who would not know what to do with wheat if we sent it.

Mr. STARR: In his statement this morning Mr. Cavell mentioned the aid which has been offered by the Russians to the same countries we are assisting at the present time, and we have also read in the newspapers and elsewhere about these Russian offers of aid. What have the Russians actually done to implement these undertakings? Is their effort to be compared with the effort made by Canada as a participant in the Colombo Plan?

Mr. CAVELL: They have done very little so far. They are putting a steel mill into India. I am not completely familiar with the terms of that agreement but I do not believe they are giving it; I believe India is paying something for it. There is also the rice which, as I said in my statement, they took over from Burma, and they have dispersed it somewhere. I don't know what they did with it. I am told the Indians are buying the steel mill at a very favourable price.

Mr. STARR: In effect the Russians have only so far made promises—they have not completed anything?

Mr. CAVELL: What they have done does not begin to compare with what has been achieved under the Colombo plan.

Mr. STARR: It was also mentioned that they were able to train scientists to supply technical aid on a far larger scale than we were able to do in Canada. Is there anything being done in Canada to increase the numbers of scientists we could make available?

Mr. CAVELL: I do not know about that; it is a question rather outside my field—a matter for the education authorities.

Mr. STARR: Do you not, as an agency, foresee an inadequacy of trained specialists and endeavour, through some other government department, to bring about an increase in the number of these scientists and technicians?

Mr. CAVELL: I think this is a matter that the West, as a whole, is very concerned about. I think the West is very worried about the disparity in the number of technicians, engineers and scientists it is turning out in comparison with the number Russia is producing. It is becoming a worrisome problem and I have no doubt something will be done about it.

Mr. STARR: Is anything being done about it at the present time to your knowledge?

Mr. CAVELL: My knowledge in this field is very limited because I am not an educationist. But so far as I am aware, the west is very concerned about the problem.

An hon. MEMBER: Particularly Washington?

Mr. CAVELL: Yes. The press indicates that.

Mr. STARR: Do you think India will ever become self-supporting in food?

Mr. CAVELL: Yes. I think she will be.

Mr. NESBITT: Mr. Cavell, a moment ago Mr. Knowles asked you how students from other countries were living in this country. It might be of some interest to the committee if I mentioned that in our small city of Woodstock, Ontario, we had seven students from Pakistan for an entire winter learning to operate agricultural machinery. Each one lived in a home in the district and took part in all community activities, including those at the golf club in the summer. They were entertained almost nightly in people's homes, and they spoke to the service clubs. The only thing they did not seem to like with regard to our western civilization was the position of the ladies in our society; they did not quite approve of their position and seemed to think they should not take part in government. I suppose that was due to their background.

I would like to ask Mr. Cavell this: I understand that the Colombo plan at the present time extends only to 1961 and that in 1959 there is to be a meeting to decide whether it shall continue any further. Is the Colombo plan likely to continue longer than that date from anything you have heard?

Mr. STICK: I am afraid we are getting into the realm of policy, if I may interject.

Mr. CAVELL: I would like to answer the question if I may.

I may not, of course, speak for the government in any way as to what the government of Canada will do in 1961 or whenever it is that the present plan is due to end; but I feel definitely that there will be aid to these underdeveloped countries for as long as any of us in this room are alive, and even beyond that day in some form and under some auspices. I would not go further than that.

Mr. NESBITT: With respect to these promises of increased aid made by the Russians to southeast Asian countries, I have here an edition of News Week for February 6, which refers to an editorial in a daily paper of large circulation in Jakarta, the capital of Indonesia. According to News Week, the editorial said:

Heavy industry is a magic phrase to underdeveloped nations. Compared with what Russia has planned to undertake F.O.A. and Colombo plan aid fades into insignificance.

I am one who feels that aid to these countries should be increased, but I would like to ask this: in view of our present shortage of technicians, scientists and trained personnel, as compared with the situation in Russia, is it possible in the immediate future greatly to increase our technical assistance and aid at any greatly increased rate?

I understand that Russia is turning out 60,000 trained engineer graduates, the United States 20,000, England 6,000 and Canada, of course far fewer than that.

Mr. CAVELL: I think that would depend very largely on the extent to which we can impress the necessity of supplying these trained people on the leaders of our own people—business leaders and others. I think that is necessary. If we can make our leaders in business and in industry aware of the necessity, and of Canada's interest in this question, I think we could get the people.

Mr. NESBITT: You feel, then, that if we could arouse this interest in the prominent citizens of this country it would then be worth while to increase the appropriation, say next year or the year after, because we would have the skilled staff available to implement the increase.

Mr. CAVELL: It is for parliament to decide how much money is going to be spent. Apart from that I would agree.

Mr. NESBITT: If parliament did raise the money, could it be used?

Mr. CAVELL: I think I can say now that I could spend any amount parliament agrees to give me, within reason. It is not too easy to spend this money, and I do not want to give that impression; but we could spend anything in reason along the lines we have been spending it in the past.

An hon. MEMBER: Instead of putting us across the barrel you would like us to roll out the barrel.

Mr. GOODE: If you do not mind my interrupting, I do not think that should be left there. The witness told us the technicians are not available in Canada. He also said that because of health reasons, living conditions abroad and a lot of other things Canadian technicians do not want to go to these countries. How can he answer Mr. Nesbitt and say it is possible to get more men when he has already said he does not know how this is going to be possible, even if we do provide more money.

Mr. CAVELL: I did say: If we can press on our leaders the necessity of making these people available; and having done that I would hope the situation would change to such an extent—

Mr. GOODE: It is just a hope. It is not just a matter of the government's providing money.

Mr. CAVELL: That is so. It is a matter of national effort.

Mr. MICHENER: Would the expenditure of more money today be dependent on more technical people being available to you?

Mr. CAVELL: Of course, if we had more money to spend we would have to find more technical staff; we would have to authorize more projects. Not only do we send out technical experts as technicians under the Colombo Plan but every project we inaugurate takes people out of factories to work on it. Every project takes more people.

Mr. MICHENER: I take it we could not have more projects at the present time without there being more people in your administration?

Mr. CAVELL: Quite right.

Mr. MICHENER: I also take it you have not found it too easy to get more technically trained men for your administration?

Mr. CAVELL: When I said just now that a shortage of experts was developing I did not mean to imply that we were not now getting all the technicians we want. I think we are, with difficulty, getting all the people we want and all the people we are looking for—

Mr. MICHENER: For this particular vote?

Mr. CAVELL: For this particular vote we have now.

Mr. MICHENER: But if it were to be increased you would need more technicians?

Mr. CAVELL: Right.

Mr. MICHENER: Your experience is that it would not be easy to get more at the present time?

Mr. CAVELL: I think that expresses it very well. The trouble is it is not always easy to get the right kind of person to go out and take responsibility in these areas. One needs experienced people of a certain type—people who are prepared to put up with frustration and with difficulties which are not encountered here. They must be strong-minded yet kindly people who will carry out their work in a kindly and cooperative way. Other qualities besides technical ability are needed. I have had offered me men who have done

incredible things in this country but who, I know very well, could not get on for five minutes with the southeast Asians. As I say, the question of personality enters into this.

Mr. FLEMING: Does salary enter into it?

Mr. CAVELL: Of course. No man will throw up a good job in Canada and go out for less than he gets here. We have to offer incentive bonuses to get them to go at all.

Mr. FLEMING: What about security of tenure?

Mr. CAVELL: We cannot keep them for too long. They are not prepared to give up seniority and all that kind of thing in their own companies to work for us.

Mr. STICK: Is it not the idea that the people of southeast Asia should stand on their own feet? Is the aim not so much to send men out from Canada as to turn out trained people capable of taking over?

Mr. CAVELL: That is our object in sending out these technical men.

Mr. STICK: They want their own trained men when they can get them. That is the problem as I see it—to train sufficient technicians to take over.

Mr. JAMES: Mr. Cavell, you have dealt with the situation in India and Pakistan. Would you care to comment now on the situation in Ceylon. Have you any comment on that situation as far as the Colombo plan is concerned? What is the attitude of the new government toward the plan?

Mr. CAVELL: The new Ceylon government is a different kind of government. The leader is a great admirer of Mr. Nehru. He is a socialist. The last government, of course, was very much a capitalist government and the present situation is bound to bring about a change in thinking and objectives.

Personally, I think we are likely to get along very well with these people. I do not think as far as we are concerned that the change is very serious. I think we shall work in with these people as well as we worked in with the last government, and from the point of view of Ceylon I think the new government might be sympathetic to develop along cooperative lines and I feel strongly that the cooperative movement is something which Ceylon needs very badly to develop. I think they might give a boost to that movement, and to the extent they do I think it will improve the living conditions of their people. It is early, yet, to say. I have met the new leader. I must say that personally I liked him, and I would not wish to go further than that today.

Mr. PEARKES: To return to this question of personnel; has any attempt been made to utilize the resources of our own East Indian community here in Canada? Many of them are educated people, and the young people have been through our whole school system, including high schools and universities. The great majority of them are extremely skilled in the use of machinery; they are employed in garages, mills and logging operations, many of them operating the most modern equipment. It seems to me that we are making them an opportunity because I do not believe that any of them have been sent out to India. I believe they have many of the qualifications which you have mentioned. They are a friendly people, well organized, and they would certainly have an understanding of the people of India, even though they might not have actually been born in India themselves.

Mr. CAVELL: You are talking now of West Indians?

Mr. PEARKES: No. Of East Indians.

Mr. CAVELL: You mean Indians living on the west coast. I would be very happy to send them back. There is, however, one peculiar experience we had in that regard. We had a Pakistani here who was training with a firm of consulting engineers and when we wanted that firm to go out to Pakistan

we specifically suggested that they should send this Pakistani. To our astonishment the Pakistanis were not a bit pleased. They said: "We wanted an expert. We do not want this fellow." The consulting engineer concerned said: "But he is an expert; we use him on quite valuable work in Canada." However, the Pakistanis did not like the idea at all.

I do not think that would be true generally; it is only one instance. We advertise these posts very widely, and if any of our Indians apply to us we would be only too happy to have them go provided they qualified. At the moment we are sending a Chinese Canadian to India; we also have a Japanese nurse out there and we send these Asians back whenever we can. As I say, we would be very happy to use some of these Indians on the west coast if they cared to go and were qualified.

Mr. PEARKES: I feel that if they knew about the opportunities you might quite possibly have some volunteers, particularly among those who have been born in this country and who have been educated here. They would have the incentive of seeing the country of their fathers as well as of trying to carry to their people the way of life we have here. I think they would be interested, and I would recommend that contacts be made with some of their societies on the west coast. We might be able to find some recruits.

Mr. CAVELL: I would be happy to take up that suggestion.

Mr. GOODE: If Mr. Cavell would care to take the name of one gentleman who is known to General Pearkes and myself—Mr. Kaboor Singh, Mr. Singh, who is very well known on the west coast, might be able to advise you in this matter because he has the confidence of these people.

Mr. PEARKES: I would suggest you contact them through their Sikh society. I know the names of a good many of them. I thought if you worked through their organization you might get a better result.

Mr. GOODE: That was the reason for my suggestion.

Mr. DECORE: Returning to this question of students, could Mr. Cavell state whether or not there are any students going into Soviet Russia to obtain technical knowledge, or whether there are any students from India or Pakistan entering Soviet institutions of higher learning?

Mr. CAVELL: I do not think that is happening to any great extent. One reason for this is the difference of language. Language has so far been a stumbling block.

Mr. DECORE: Are there any at all, or very few?

Mr. CAVELL: There are some, I believe who have gone, but I do not think there have been very many.

Mr. DECORE: Have Russian students gone into India?

Mr. CAVELL: No Russian students. There are a few technicians.

Mr. DECORE: Returning to this question of wheat. We often hear about a famine in India; where is it felt more acutely—in the northern regions where they grow wheat or in the southern area?

Mr. CAVELL: In the Madras area where they are rice eaters.

Mr. STUDER: Following Mr. Nesbitt's question as to the absorption of the amounts allotted to these nations and the possibility of increased amounts, if they are to be absorbed, would depend on the availability of technical personnel if they are to be utilized efficiently, is there not some co-ordination between the various nations in the Colombo plan to determine the amount that each country should contribute, so that all of it could be effectively used and there would be no overlapping of the services which it was intended the money should establish in those countries?

Mr. CAVELL: I think I said in my statement that we take very great pains to prevent overlapping. We have co-operation all the time from the other aid agencies, and the Colombo plan consultative committee exists to go into all these matters. I may add that aid is arranged bi-laterally.

Mr. STUDER: Do they not determine the approximate amounts to be contributed by each country which takes part?

Mr. CAVELL: That is entirely a matter for determination by the governments of the countries concerned.

Mr. STUDER: There is, in that respect, no such guidance as exists under the NATO set-up?

Mr. CAVELL: No sir. It is entirely a matter for the parliaments of the countries concerned.

Mr. STUDER: Do you not think it might be more effective to have this co-operation between all the countries involved?

Mr. CAVELL: I doubt very much whether this is a matter on which I should advise you. Is it not a matter for parliament to decide how much money should be granted, and for me to spend what it votes?

Mr. STUDER: Perhaps I have not presented the point correctly. Do you not think that if all the countries involved were to discuss, in cooperation, the approximate amount that each would contribute, that might be a wise move, and it would also come under parliament's jurisdiction?

Mr. CAVELL: I think that it should definitely come under the jurisdiction of parliament. It is not a matter for me to comment on. There is a movement now going on to shift more of this aid into the United Nations and then, of course, the United Nations might suggest to the various parliaments how much money each should contribute. Even if the United Nations did this, it should still be a matter for parliament to decide whether they acceded to the suggestion or not.

Mr. STUDER: It just appears to me that it would be more effective if the over-all picture could be presented to all the contributing nations—how much money could be used effectively and so forth, and develop the plan in that way rather than on the initiative of individual countries.

Mr. CAVELL: That may be a good idea, sir.

Mr. FLEMING: But you have made it quite plain that aid is going to continue throughout the lifetime of every one in this room?

Mr. CAVELL: I think that is so, in some form or other.

Mr. GARLAND: I think most of the questions I have in mind have been asked by Mr. Studer and Mr. Nesbitt, but I know many Canadians are concerned with the degree of adequacy of our contribution to the Colombo plan. It is true that our contribution has been increased from \$25 million to \$34 million but all over the country we hear responsible citizens suggesting amounts ranging from nothing to \$100 million. Of course, the amount to be given is determined by many factors and one of the most important factors is our ability to contribute. But it seems that in other years and in other discussions we have had in this committee considerable emphasis has been placed on the ability of the recipient nations usefully to absorb or take advantage of these contributions.

Would you care to comment a little more fully on this question of the ability or the capacity of the recipient nations at the present time to absorb more assistance?

Mr. CAVELL: It is a fact that every time aid is granted by a donor nation to a recipient nation in southeast Asia the recipient nation is put to very considerable expense. For instance, if we are putting in a dam we cannot supply the

labour, nor can we supply the stone, aggregate, cement and other material of that kind, so the recipient nations are put to a certain amount of expense. More and more, we anticipate, we will be obliged to take up a larger share of the cost which at the beginning of this operation was borne by the recipient countries. There is a limit to the amount of development which these countries can afford to underwrite in any given year, and if the West moves in very rapidly with very large sums of money a fresh look would have to be taken at the cost to the recipient countries of generating these projects. There is, of course, a limit. It may mean that the West would have to take up more and more of the cost and, perhaps, supply more labour power in the form of bulldozers, power operated shovels and other advanced tools of construction. The balance, in other words, might change. Does that answer your question?

Mr. GARLAND: Yes, without actually putting you "on the spot" and asking you to say if our contribution is adequate at the moment if we take into consideration the ability of the recipient country to receive this aid.

Mr. LUSBY: I think Mr. Cavell said he believed that India could be made self-sufficient in food.

Mr. CAVELL: Yes. As a matter of fact she bought no food outside India last year.

Mr. LUSBY: I understood that the supply of food available in India was not increasing as fast as the number of mouths to be fed, so that proportionately it had been steadily decreasing for some years. Would that be your view?

Mr. CAVELL: It is of course a fact that the population of India is increasing, and that it has increased continually up to the limit of her ability to produce food. She has no surplus; but last year, largely due to good weather and to the measures of aid she has received and her own self help she was not compelled to buy food abroad. Whether that situation continues or not depends entirely on (a) whether India continues to get good weather; (b) whether she continues to receive the kind of aid she has already received and (c) what increase in her population will take place. But the government of India is far more concerned than we are with regard to the increase in population and is trying to do something about it. All kinds of measures are being brought in to attempt to keep the population within bounds, but how successful they will be no one can say at the moment. Also she is doing all she can to grow more food.

Mr. LUSBY: I understand that Mr. Nehru has advocated some limitation of the population; but have there actually been some measures taken along these lines?

Mr. CAVELL: Oh yes, they have had birth control experts setting up clinics in the country. They are working on this problem, but I do not know how successfully, only time will show that.

Mr. FLEMING: I have been told that the establishment of these clinics is becoming very widespread; that they are becoming commonly known and are used quite extensively.

Mr. CAVELL: That is so.

Mr. JAMES: Would there be enough food if the people were adequately fed?

Mr. CAVELL: That is a difficult question to answer because you have to define what "adequately fed" means. By our standards I would have to say: emphatically no. By their village standards the question is more difficult to answer.

Mr. JAMES: Are there still people starving there?

Mr. CAVELL: There are still people who do not have as much food as they should if they are going to put out a proper work quota.

Mr. STUDER: Is it not the case that in the past a considerable proportion of food supplies sent in as relief have disappeared during distribution?

Mr. CAVELL: Relief food distribution is always a difficult matter, more particularly in countries where they have not got the number of officials to deal with it. Food distribution in eastern countries is undoubtedly even more difficult than in most.

Mr. MACNAUGHTON: We have before us a statement of Canadian Colombo plan outlay and a long list of products—electrical generating equipment, steam locomotives, machinery and so on. Have you any breakdown which would show how much of this capital aid is spent among Canadian manufacturers or contractors for the purchase of capital equipment supplied for these various projects, and how much of the balance was spent in the Asian countries?

Mr. CAVELL: Nothing which Canada supplies is bought there as a rule. Cement aggregate and such materials we do not pay for. All equipment given is bought in Canada to the extent that it is manufactured in Canada.

Mr. MACNAUGHTON: How much of the total capital aid is spent in dollars in Canada. Have you got that figure?

Mr. CAVELL: No I would not like to hazard an estimate of that figure. It would be a very high percentage. With regard to anything you find on that list a very high percentage has been bought in Canada.

Mr. MACNAUGHTON: Would it be 70 per cent?

Mr. CAVELL: More than that.

Mr. MICHENER: We like to think that, broadly, our motives are humanitarian and that this is the main purpose of the aid we are giving to lands less fortunate than our own, but there is the other aspect that this expenditure of Canadian public funds is not altogether without advantages to Canada and I think it would be useful to this committee if the total Colombo plan expenditure over the years was placed before us and if we had figures showing how much was actually spent on the products of Canada. I know, looking over the figures, that in one instance we bought locomotive boilers from Great Britain, I think it was—

Mr. CAVELL: No sir. The only big thing we bought that was not available here was a trawler and we also bought diesel engines in the early days for buses, and trucks for Bombay to help the situation there. We were not then and still are not—making them in Canada.

Mr. MICHENER: Basically, then, the policy has been to supply all the materials and products you need from Canadian sources?

Mr. CAVELL: That is right.

Mr. MICHENER: Well, it has been very extensive and to that extent it has stimulated production and has been a self-serving plan, as well as a plan to aid the underdeveloped countries.

I would like to have, if you can give them to us—would it be possible—the figures which Mr. Macnaughton and I both wish to see, that is to say the total expenditure for both goods and services and the amount which has been spent directly in Canada on these capital products.

Mr. PRATT: When you place a contract in Canada and you are going to try to find out what the Canadian content is you are up against quite a problem.

Mr. MICHENER: I take it it has been the policy of the administration of this plan to use Canadian equipment. Where equipment has to be sent from outside to a recipient country, could we have some approximate figure of the amount, if it is not possible to get an exact figure.

Mr. GOODE: You want the total amount since the plan was started?

Mr. MICHENER: Yes.

An Hon. MEMBER: Surely you could add up the different contracts given?

Mr. CAVELL: Yes, but very often a contractor goes out and builds something and spends a certain amount of money in that country. However, we could do this.

Mr. MICHENER: With regard to this budget of \$34 million, I understand you to say earlier that \$10 million of that was appropriated—

Mr. CAVELL: No, it was last year. We had \$25 million in the first two years and \$26 million last year and that increase of \$1 million was provided for technical assistance to countries to which we had not given technical assistance. The increase this year is from \$26 million to \$34 million and that takes care of the reactor to India which cost \$7 million.

Mr. MICHENER: Will that be expended in the course of the next fiscal year?

Mr. CAVELL: No.

Mr. MICHENER: So we are voting something that will be carried forward to the future?

Mr. CAVELL: Yes, we cannot go ahead with a project until we know we have the money available for it.

Mr. MICHENER: Is it possible to produce and supply the reactor we are voting this money for?

Mr. CAVELL: Yes.

Mr. MICHENER: Has the contract been let for it?

Mr. CAVELL: Yes.

Mr. MICHENER: And the total expenditure would be \$7 million.

Mr. CAVELL: Yes, \$7 million.

Mr. MICHENER: Where is that reactor being produced?

Mr. CAVELL: Usually we appoint consulting engineers but there are no consulting engineers who are efficient in that field, so our consulting engineers in this case will be Atomic Energy of Canada Limited at Chalk River. They are supplying the engineers and the drawings. The drawings are already available. The contract is being let with a firm of engineers and contracts for the various pieces will be let, on the basis of the drawings, among Canadian manufacturers.

Mr. MICHENER: Where will the reactor be built?

Mr. CAVELL: It will be put in Bombay where the research centre is.

Mr. MICHENER: What would be the purpose of this plant?

Mr. CAVELL: It would be a pilot experimental plant not only for India but for the other Colombo plan countries in that region. This is not a power plant but an experimental reactor so that they can "get their feet wet" among all these very interesting problems.

Mr. MICHENER: Has India set up an atomic energy board?

Mr. CAVELL: Yes, it has a strong board under Dr. Bhabha, who is one of the world's leading scientists in this field and who was chairman of the atomic science meeting held in Geneva last year.

Mr. MICHENER: Can you give us the details of the other expenditures—

Mr. FLEMING: Before you leave this question of the atomic reactor, may I ask over how long a period will this \$7 million be expended? What is the estimate of the time required to complete the erection of the plant?

Mr. CAVELL: Twenty-eight months from last October.

Mr. FLEMING: That will take us to about the end of 1957.

Mr. STICK: In view of what Mr. Cavell has said, it seems to me there is a shortage of scientists. If we are going to build this reactor out there I am

rather concerned, in the first place, about the arrangements we are making with India. Suppose this reactor is built and we have not got sufficient scientists to man it—what is going to happen if Russia sends scientists there? This is a hypothetical case, but, as the committee has heard, Russia is operating in this field. We are building a reactor and I am concerned about what is going to happen to that reactor. I would like to know if this is going to be permanently staffed by scientists from the west, or whether any safeguards have been thought of.

Mr. CAVELL: The reactor would be staffed by Indians. Under Dr. Bhabha they have a strong band of atomic scientists in India and we are training more in Canada. Fifteen are coming here for training.

Mr. STICK: So you do not think the possibility I have raised will come about?

Mr. CAVELL: I would doubt it.

Mr. FLEMING: But you have no definite assurance?

Mr. CAVELL: No.

Mr. NESBITT: When Canada makes these gifts under the Colombo plan I do not think any of the southeast Asian countries thinks we are looking for a *quid pro quo*. Possibly, however, some feeling of that sort does exist with regard to some of the other countries who are connected with the plan. In connection with the aid given by the United States I believe Mr. Adlai Stevenson suggested the other day that aid to Southeast Asia might possibly be administered through the United Nations, and this might remove any stigma or erroneous impression that might attach to the granting of aid, not, as I say, with respect to Canada, but possibly with respect to some of the other participating countries.

May I ask the witness if he agrees that consideration might be given to using the United Nations to administer this project? I think I mentioned just now that attention has already been given to creating within the United Nations a fund to be known as SUNFED. It would be a capital fund for the distribution of capital in these areas. But this, as I understand it, is at a very tentative stage and I do not think anything has been decided.

Mr. GOODE: With regard to this amount of \$34 million that we are going to put into the plan this year—is that an exact amount arrived at in consultation with the other nations supplying this aid, or is it just that you hope to spend \$34 million? Is there not some relation between that amount and the discussions we have with other supplying nations?

Mr. CAVELL: We know of course roughly what other nations are going to spend so far as it is possible to know. For example, we know what the United States is likely to end up with. The way we arrive at this is by consulting with the recipient nations to find out where their difficulties are, what projects they have which they cannot develop because they have not the capital, and then we make sure that none of the other aid agencies are going to assist them on that project. In that way, we build up a slate of projects for which Canada needs a certain sum. So far we have always kept our projects within our money, first \$25 million, then \$26 million. Then came the reactor, with which we could not go forward without cutting down on other projects which were equally urgently needed. Therefore, we got some extra for the reactor.

Mr. GOODE: Is it a simple thing of Canada planning another \$10 million, \$15 million or \$25 million, or is it a matter of our supplying money in consultation with other countries.

Mr. CAVELL: To some extent, in consultation with other countries at the annual consultation. We know what the other countries are doing. I think

the answer to the question is that there is so much voted by parliament annually but there is really no foreseeable limit to what it will take to put these countries on their feet.

Mr. GOODE: We are one of the supplying countries under the Colombo plan. If we went ahead and supplied all the moneys for which countries were asking, must we not, in the final analysis, consult with the other supplying countries in regard to the amount of money it would be in the power of Canada to supply. It is not a simple question of supplying what they ask us to do, under \$100 million this year, it is a matter of consulting.

Mr. CAVELL: Is it not a matter of the parliament of Canada having said: "We will devote so much to this cause" and then turning it over to my organization to work out how much, within that amount, we can supply? That is how it has been so far.

Mr. GOODE: What would be the reaction of other countries—take the United States—if we were to say we would put \$100 million into the Colombo plan this year?

Mr. CAVELL: I do not think they would mind.

Mr. GOODE: On a strictly political basis?

Mr. CAVELL: On a strictly political basis, I do not think they would mind a bit.

Mr. GOODE: I think there is some political basis to this money, although it has been denied in other places.

Mr. FLEMING: I wonder if I could indicate something now which would be of help for the next meeting. Mr. Michener has asked for the details of the proposed expenditure within the appropriation of \$34.4 million. Could we have that in statement form for the next meeting of this committee?

Mr. CAVELL: You would like me to come again with that statement?

Mr. FLEMING: Captain Cavell referred in his opening statement to the financial statement, of which he did not have copies for circulation. Would it be possible to have enough copies to go around the members, for the next meeting, as there might be some interesting questions to be pursued there?

Mr. CAVELL: That can be done.

Mr. STUDER: Do the recipient countries indicate what they can absorb in connection with the aid? You mention that it also costs them some money which they contribute under the Colombo plan? It costs them money for labour, cement, stone and so on. Is there an indication from those countries what they can absorb from the contributing countries?

Mr. CAVELL: We work out the projects within the limit of the parliamentary grant, then we come to those countries and work it out with them. We say we will do a certain project and we will put in so much and the recipient country will do so much. All that is drawn up in the form of an agreement so that we know exactly where the money is coming from before we start.

Mr. STUDER: Supposing the United States or Canada offered \$100 million and other countries proportionately and these recipient countries are not able to absorb that?

Mr. CAVELL: That is a possibility, that might or might not happen. As indicated earlier, we might have to change the pattern. We might have to do things they hitherto have done.

Mr. GOODE: Would it be rather a probability than a possibility? You said it was a possibility. Would it not rather be a probability that they would not be able to tackle it?

Mr. CAVELL: If many nations increased their aid to a very large extent, I think it would be a probability.

Mr. PEARKES: I have been rather intrigued with the first item in table 2 of your statistical summary. I wonder when Alaska became declared an independent country.

Mr. BARTLETT: For United States purposes it is considered an American dependency.

Mr. KNOWLES: That leaves hope for British Columbia.

Mr. FLEMING: Would Captain Cavell be able to give to us at the next meeting some statement as to how his organization proceeds in making up this estimate each year to put before the treasury board in connection with appropriations. Normally, estimates are prepared in a department to go before the treasury board. Is there any difference in the way the Colombo plan appropriation is made up?

Mr. CAVELL: I can answer that right now. As you know, I go out every year. We also have suggestions and reports from our high commissioners in the area. Whilst out there I look at all the projects. Some we can reject out of hand and right away because we know the material is not available in Canada. We end up then with a slate of possible projects, agreed with the country on this basis (a) the country needs this project very urgently and (b) Canada can give it. I then come back and discuss it with a policy committee which consists of top level officials from virtually all the departments concerned, that is the treasury, the Department of Trade and Commerce, the Department of Agriculture, the Department of External Affairs and the Bank of Canada. This top level committee looks at the projects and either agrees with me or does not, as the case might be. We arrive finally at a slate of projects. If they are highly technical projects, before we go any further we send consulting engineers out to look at them and make sure they are really sound from every point of view. When we get their reports, we look at the slate again in the policy committee and we then select from all these projects what we think are the most urgent ones and the best ones on which the money parliament has granted us may be used. That is, we arrive at a slate of projects for a certain year. Having done that, these projects are written up and put to the cabinet. If the cabinet approves them, we go ahead.

Mr. FLEMING: I want to break this down a little more, to the point as to what precedes the voting of the money by parliament. You submit an estimate to parliament, you have a group of ready-made projects all closely estimated?

Mr. CAVELL: No, sir.

Mr. FLEMING: At that point, parliament is voting a round sum in general for the support of Colombo plan aid?

Mr. CAVELL: Parliament is voting a round sum in general for the support of Colombo plan aid. That is the situation.

Mr. FLEMING: And when that sum is voted you go to work to develop the specific projects on which to expend that sum?

Mr. CAVELL: Yes, I cut my coat according to the cloth, at that point.

Mr. GOODE: There must be some plan before this amount is proposed to parliament. Surely you do not go into parliament and say to the members of the house: "We want you to vote \$34.4 million," without putting some plan before us. That is the impression that might be left on the record from what Mr. Fleming has said.

Mr. FLEMING: May I ask that this should be put on a more extended basis at the next meeting?

Mr. CAVELL: As I understand the picture, in 1950, when Mr. Pearson came back from the first meeting in Colombo, on the Colombo plan and put the

facts of the very poor condition of southeast Asia after the war, before parliament, parliament then said it would give \$25 million. That was in 1950. In 1951 we started the plan with that \$25 million. In fact, on the coming into operation of the plan, I was told: "You have \$25 million to spend". Then we evolved this procedure which I have described for spending it. The next year, parliament said "All right, we will vote again \$25 million". Through the policy committee and with cabinet approval I spent it to the best ability of my organization. Then the question arose that we were not giving any aid to Burma, to Indonesia, to French Indo-China and Malaya, as we had the whole \$25 million committed. Parliament then said: "We will give another million for that purpose". That million was spent on the purpose for which it was voted. Then came the reactor and we could not fit the reactor into the money we had and so the vote went up to \$34 million. Now, within \$34 million we make out projects to spend that sum.

Mr. GOODE: Yes, but you have a plan, based on your experience from 1950. I can understand someone saying in 1950, "Okay, we will give you \$25 million to start, as we are starting something new and do not know the details and will have to start it in some way". Now, you have all this experience and certainly the treasury board and the cabinet and the parliament of Canada must know. We are not going to vote \$34.4 million, less the reactor price and something else, without knowing how it is going to be spent? You must have some plan against the \$26 million before it is voted?

Mr. CAVELL: I think parliament has done so in the past. Is not that right?

Mr. FLEMING: The fact is that this item is not one on which parliament is given any details in the back of the book of estimates and never has been. It simply appears as the Colombo plan, \$34.4 million.

Mr. KNOWLES: Would the committee please note it is for the Colombo plan fund and we have had explained to us by Captain Cavell what the Colombo plan is. I do not know why Mr. Goode tries to twist his words.

Mr. FLEMING: My understanding is, I think, in concord with what Mr. Cavell said this morning, that when we pass this item we are not passing anything with a detailed list of specific projects, with the estimated cost for each. We are in effect voting a round sum and when that sum is voted and not before then, Mr. Cavell's organization prepares a detailed list of projects, with specific items. Those then are laid before the cabinet for approval and then the money is spent.

Mr. MICHENER: Except that this year the increase is referable to specific projects.

Mr. CAVELL: Yes, that is so.

Mr. FLEMING: Yes, that is what is in mind, but it is not a legal specific purpose for which the money is spent. Those extra things are the purposes which parliament has in mind in giving the additional money, but that is no legal part of the appropriation which parliament is called upon to pass.

Mr. STICK: None of this money is spent except in consultation with the countries with which we are dealing?

Mr. CAVELL: That is correct.

The CHAIRMAN: Is it the pleasure of the committee to have Mr. Cavell next week when he will be available?

Mr. FLEMING: I think we would like to have those statements also.

The CHAIRMAN: We also will have the documents tabled by Mr. Cavell this morning, printed in today's minutes.

The committee adjourned.

APPENDIX A

STATEMENT OF CANADIAN COLOMBO PLAN CAPITAL AID

as at March 31, 1956.

(Excluding Technical Assistance Aid, Student Training, Cost of Experts, etc.)

Prepared by

INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION DIVISION

Department of Trade and Commerce

"COLOMBO PLAN ADMINISTRATION IN CANADA"

INDIA—1951-52 Allocations

Item No. 1. *Wheat*—Allotted \$10,000,000—Project No. 1—completed.

It was recognized that the Colombo Plan was not a relief plan and this wheat project was only undertaken at the urgent request of our Indian Commonwealth partner because of severe famine conditions. It was agreed that India would set up a counterpart fund in rupees and that those rupees would be used to further some worthwhile permanent project. The Mayurakshi Project in West Bengal was chosen. It is an irrigation and electrical generation project designed to grow about 400,000 tons of food by irrigation from the dam which will be a major contribution to the Indian food shortage. The project will also control a particularly unruly river which has caused much damage to peasant villages in the past.

Item No. 2. *Bombay State Transport*—Allotted \$4,500,000—Project No. 3—completed at a cost of \$4,355,628.

The object of this project was to provide much needed transportation to Bombay State which had created a Bombay State Transport Commission but had no capital to finance it. The Central Government at Delhi requested this aid both as an assistance to the peasants and poor cultivators in Bombay to enable them to reach their markets as a measure for facilitating food distribution in the province, and for assistance in clearing wheat and other commodities from the port of Bombay. Transport of all kinds is in extremely short supply in India and has been a contributing factor to famine conditions because it is as important to be able to move food as it is to have it to move.

Item No. 3. *Mayurakshi*—Partial Allotment—\$500,000—Project No. 6.

This was a first contribution to Canada's undertaking to supply the electrical generating equipment to the Mayurakshi project (see under No. 1 above). This generating equipment is required for electricity for cottage industries, the objective being to balance the economy of the area by the introduction of cottage industry and small factories. The Government of West Bengal has a well integrated scheme of cottage industry development which needs this power, which will be 4,000 k.w. This project was opened by the Minister of External Affairs, The Honourable Lester B. Pearson, on November 8, 1955, and will be completed early in 1956. It is now known as the "Canada Dam".

INDIA—1952-53 Allocations

Item No. 4. *Mayurakshi*—Final Allotment \$2,500,000—Project No. 6.

See Items 1 and 3.

Item No. 5. *Wheat*—Allotted \$5,000,000—Project No. 8—Completed.

This contribution was made for exactly the same reasons as stated under No. 1 (1951-52) and the counterpart funds generated were also devoted to the *Mayurakshi* project.

Item No. 6. *Locomotive Boilers*—Allotted \$2,080,000—Project No. 11 completed at a cost of \$1,808,000, F. E. 1390.

Fifty boilers were provided. They were urgently required to help out the Government of India's engine building program which was bogged down because boiler plate, etc. could not be obtained. These boilers removed a bottleneck which had developed in the government locomotive works at Calcutta and enabled 50 Indian built engines which were urgently needed to be put into service.

INDIA—1953-54 Allocations

Item No. 7. *Steam Locomotives*—Allotted \$11,000,000—Project No. 16 F.E. 1213.

The Government of India is undertaking a very necessary rehabilitation of its railway system which is fundamental to the economy of the whole country. The railways were run almost to a standstill during the last war. To assist with this rehabilitation, India asked us for 120 W.P. type Steam Locomotives. Together with spare boilers, inspection services, etc., they will cost about \$21,315,062 in total. \$11,000,000 of this cost will be met from our 1953-54 funds and the balance from our appropriation for 1954-55. 90 of these locomotives had been completed at the time of the preparation of this report and the whole project is expected to be completed by June 1956.

Item No. 8. *Commodities*—Allotted \$5,000,000—Project No. 20 F.E. 2538.

We must bear in mind that with every project to which aid is given, whether under the Colombo Plan or by the United States or the United Nations, rupee capital has to be put up by the countries in the area. Owing to the great effort she is making, India particularly has become very short of such rupee capital and has requested that we supply her with commodities from Canada which she can sell to her own manufacturers and thus generate rupee counterpart funds. The commodities chosen were copper and aluminum and a special purchasing scheme has been worked out under which the regular trade channels will not be disrupted.

Item No. 9. *Umtru*—Allotted \$1,200,000—Project No. 19—F.E. 1047 and 1444.

India is considerably concerned about the welfare of the hill tribesmen and other inhabitants of Assam where the standard of living is extremely low. It was agreed that the first requisite was power for the development of a fruit canning and preserve making industry and for other similar small industries, mostly to absorb the agricultural products of the State, also for irrigation pumping. The project has been examined and pronounced sound by a consulting engineer from the Montreal Engineering Company Limited. The Canadian contribution will be \$1,200,000, to be spent on electrical generating equipment, control gates, etc. which, together with the counterpart funds allotted to this project, will make an overall total of roughly \$3,300,000.

INDIA—1954-55 Allocations

Item No. 10. *Steam Locomotives*—Allotted \$10,400,000—Project No. 16.

For details see item No. 7.

Item No. 11. *Diesel Generating Sets for the preliminary electrification of small towns and rural areas*—Allotted \$2,500,000—Project No. 42.

Under the Indian Five Year Plan, an attempt is being made substantially to increase the power resources of the country. This project will give aid to that endeavour in areas where major undertakings are not yet possible. The power will be used for rice and other food processing small plants, for agricultural pumping and other aids to the betterment of general living conditions. As major schemes take over, these sets will be moved to villages still without power.

INDIA—1955-56 Allocations

Item No. 12. *NRX Type Atomic Reactor*—Allotted (preliminary expenses only) \$135,000—Project No. 43.

In considering their power development, the various governments of South East Asia have for a long time been investigating the possibilities of atomic power. There is no doubt but that in many areas this will be a great boon to them because even where they have possible hydro-electric sites, they are not always situated in places where it would be advantageous to develop industry. But the use of atomic power is not something which can be undertaken without a very considerable and carefully trained scientific force. The instrument for this training is the NRX Reactor. An arrangement has been made under which India will train the nationals of other countries in South East Asia and give them atomic experience. The production of isotopes for radiography and other purposes will assist India in development plans.

Item No. 13. *Locust Control*—Expected Cost \$133,000—Project No. 44. (Allotment for this project comes from unexpended funds on Item 2, Project No. 3).

One of the great scourges of Asia through the centuries has been the ravages of the locust. FAO has now taken hold of this problem and has tried to organize it on a scientific basis, which means killing the locusts where they start rather than in the individual countries which they ravage. India applied for aid from Canada to do her share in this campaign which is actually being carried out in Saudi Arabia. Our contribution is Canadian-made trucks with two-way radio control. When the campaign is over in Saudi Arabia these trucks and the Indian teams that man them will go back to India and help to mop up the locusts there.

Item No. 14. *Kundah Hydro Electric Project, Madras*—Allotment (preliminary engineering investigation only)—\$25,000, F.E. 2786—Project No. 45.

The Ootacamund area of the Nilgiri Hills is an ideal one for hydro-electric power development. The Pykara scheme has already been developed and the Kundah scheme is very like it. Power is urgently needed in the Madras area for further rural development, agricultural pumping and food processing. At the time of the preparation of this report our Consulting Engineers have just returned from Kundah and are very impressed with its suitability for Colombo Plan aid.

Item No. 15. *Two Beaver Aircraft and Spraying Equipment*—Allotted \$160,000—Project 47—F.E. 2800.

One of the inhibiting features in growing more food in India is the great number and variety of pests which attack food crops. FAO and other aid

organizations have been much concerned with pest destruction programs. These two machines are being supplied in response to a request for aid in this field from Canada. The machines will be sent out with spraying and dusting equipment.

Item No. 16. *Magnetometer Survey*—Allotted \$125,000—Project 48—F.E. 2801

It is vitally necessary that India develop its potential oil resources. This project is to aid in that endeavour. The Magnetometer Survey will be done in a location in North West India and a Canadian firm has been appointed to undertake it. At the time of the preparation of this report negotiations are going forward as to exact location, the date of starting, etc.

PAKISTAN—1951-52 Allocations

Item No. 17. *Cement Plant*—Allotted \$5,000,000—Project No. 5—F.E. 1324.

The object of this project is to provide cement for the Thal refugee settlement area in the North West Punjab where Pakistan hopes to settle some of its refugees resulting from the partition of India and Pakistan, of which there are roughly 7,000,000. Water will be carried in from the Indus in cement ducts, housing will have to be provided on a large scale, villages and bazaars built, etc. The distance from Karachi to the Thal and the difficulties of transport are so great that the movement of large quantities of cement to the area would be extremely costly. Fortunately, cement making materials were found in abundance, likewise coal, and the most practical solution came to be the building of a cement plant in the area itself, to which Canada agreed to contribute the cement making machinery and Pakistan to build the building to house it. This plant is virtually completed and will be producing 100,000 tons a year in 1956.

Item No. 18. *Railway Ties*—Allotted \$2,800,000—Project No. 4—completed at a cost of \$2,770,490.

The International Bank for Reconstruction and Development made Pakistan a loan for the urgently needed rehabilitation of her railways. Pakistan is dieselizing her railway system and the loan was not big enough to pay for the large number of wooden railway ties needed for the rebuilding of many miles of track to take the larger diesels. Canada agreed to step in and supply this deficiency as a fundamental contribution to the economy of the country. The ties were obtained on the West Coast.

Item No. 19. *Aerial Resources Survey*—Allotted \$2,000,000—Project No. 12—F.E. 842.

West Pakistan had never been fully surveyed, and seeing that the country must develop an industrial balance to its present agricultural economy, it was vital that a proper resources survey be made. Canada agreed to do this through the medium of a well established Canadian company, all flying has now been finished, geologists are working on the most likely areas discovered by the survey, and the Government of Pakistan considers this a most valuable project looking to the future of the development of their country. The project is virtually completed and the processed film is being transferred from Canada to Pakistan.

Item No. 20. *Thal Farm*—Allotted \$200,000—Completed—Project No. 2.

The development of this farm is a joint effort between Australia, New Zealand and Canada. Its objective is to provide refugee settlers (see "Cement Plan" No. 17 above) with draft, milk and other animals when they arrive, to carry on agricultural experiments and provide the best type of seed for the area, and in general to have a research station for the benefit of these

refugees. Canada's contribution has been agricultural machinery, some experts via the Technical Assistance scheme, wire and such like material.

PAKISTAN—1952-53 Allocations

Item No. 21. *Wheat*—Allotted \$5,000,000—Project No. 7—F. E. 336.

Pakistan experienced a famine and asked us for aid. We made the same arrangement as with India and gave wheat to the amount stated, but stipulated that counterpart funds in rupees must be set up to be devoted to some worthwhile project. Canada also made a contribution of five million dollars worth of wheat outside of and in addition to Colombo Plan aid.

Item No. 22 *Warsak*—Allotted \$3,400,000—Project No. 22—F.E. 2509, 2601, 2675.

Warsak is an irrigation and electrical generation project 19 miles from Peshawar on the North West Frontier of Pakistan. The endeavour to turn the unruly tribes of this Frontier into law abiding and self-sustaining citizens was a British problem for several hundred years. The Pakistan Government, owing in part to the cement of the Moslem faith, has been extremely successful in this endeavour. Relatively speaking, the Frontier is now quiet and law abiding. Schools in considerable numbers are being established and it is now necessary to supply irrigation where it can be used, which in this hill area means a considerable amount of pumping, and to provide power for small industries which will use the very great hand skills of the tribesmen. Canada will contribute the design, which is being undertaken by one of Canada's most prominent consulting engineers, and a Canadian contractor will build the dam, tunnels, power house, etc. Canada will also supply, on a gift basis, the electrical generating equipment, control gates and construction plant. At the time of writing this report upwards of 100 Canadians, some with families, are already at the site.

Item No. 23. *Cement Plant*—Allotted \$500,000—Project No. 5—F.E. 1324.

This \$500,000 was needed as an addition to the amount provided for the original contract. (See No. 17 under 1951-52 above).

Item No. 24. *Beaver Aircraft*—Allotted \$178,000—completed at a cost of \$176,807—Project No. 10—F.E. 1377.

Three Beaver Aircraft were supplied to Pakistan to meet a demand for locust and general pest control. With the "Grow More Food" campaign, which has been a feature of the Pakistan economy for some time now, it becomes necessary to control the destruction by locusts and other pests as part of the programme, and a pest control service is being set up by the Pakistan Government to which this gift from Canada will contribute.

Item No. 25. *Engineering Services*—Allotted \$30,000—completed at a cost of \$27,762—F.E. 802.

This item was required to cover the costs of consulting engineers who went to Pakistan to inspect and pass judgment on the soundness or otherwise of various projects with which we were asked to assist. It included what became Project No. 22, Warsak. Several other schemes were examined and thought to be unsound.

PAKISTAN—1953-54 Allocations

Item No. 26. *Aerial Agricultural Land Use and Soils Survey*—\$1,000,000—Project No. 12—F.E. 842.

Very unexpectedly, Pakistan was hit by famine which showed up the need for a review of her available agricultural land from a "land use" point of

view, and the production of a "land use" map leading to the development of other data of vital importance to the more effective development of her agricultural resources. Seeing that the machines which did the resources survey (see No. 3 under 1951-52 above) were still there, the Government of Pakistan requested that we continue the work from an agricultural land-use and soils point of view, which we agreed to do. This extra survey means that we shall have photographed practically the whole of West Pakistan as the following figures show:

	Sq. Miles	Sq. Miles
Area of West Pakistan.....		306,943
Resources Survey.....	163,000	
Agricultural Survey.....	139,500	
Balance of land not surveyed being mountains, cities, etc...	4,443	
	<hr/>	<hr/>
Sq. Miles.....	306,943	306,943
		<hr/> <hr/>

Item No. 27. *Warsak*—Allotted \$6,000,000—Project No. 22—F.E. 2675, 2699.

See note under No. 22 in 1952-53 above. This was an additional sum of money required for the same project and for the same purposes.

Item No. 28. *Shadiwal*—Allotted \$2,500,000—Project No. 38—F.E. 2640.

There is a most unfortunate situation in the Punjab north of Lahore, where a large area has gone out of cultivation due to a rise in the water table, mostly from irrigation canal seepage, which in turn has brought about a condition of soil salinity which inhibits cultivation. The FAO, which is a special agency of the United Nations, has worked out a remedy which is to wash the soil out by continuous pumping until the soil is normal and then to regulate irrigation by continual pump control. Canada is asked to assist by supplying one power station to be located on a canal and driven by canal flow. Our contribution will be dewatering and construction equipment and design and supply of the generating and power house equipment. A consulting engineer from Canada has examined the project and pronounced it sound.

PAKISTAN—1954-55 Allocations

Item No. 29. *Ganges-Kobadak Project*—Allotted \$1,800,000—Project No. 23—F.E. 2516.

Situated in East Pakistan, this project is intended to restore to fertility roughly one million acres of land put out of production by the change in course of the Ganges. This change of course dried up the rivers Mathabhanga; Kumar; Nabaganga; Bhairab; Chitra; and Kobadak; by pumping into their dry beds from a point where the Ganges flows nearest to them, they would in effect become irrigation canals and the large Brahmaputra-Ganges Delta would become fertile again. This would have the effect, not only of supplying a present shortage of rice, but would put East Pakistan into an exportable surplus position. Canada's contribution to the scheme is a steam thermal plant for the generation of the power to drive the large pumps which would be necessary. This contribution has the advantage that even should the overall scheme fail (which is most unlikely) the power from the Canadian plant would be available for other purposes. Power is urgently needed in this area. At the time of this report the power plant is in process of erection.

Item No. 30. *Dacca-Chittagong Electric Distributory Link*—Allotted \$4,000,000—Project No. 27—F.E. 2522.

There are now many very small power units in East Pakistan which are wasteful in that they power small machines or factories but could produce extra power if there were any means of distributing it on a wider scale. Larger units of power production are being introduced and the Karnafuli development is a likely major source of supply. The need for a proper distribution system is vital and we have been asked to help bring one into being. A consulting engineer from Canada has examined the scheme and has reported favourably upon it as a major contribution to the economy and power resources of East Pakistan.

Item No. 31. *Warsak*—Allotted \$2,000,000—Project No. 22—F.E. 2675, 2699.

See under Item No. 22 in 1952-53 and Item 27 in 1953-54. This additional sum is required to build up the fund required for the Warsak project which will be expended over a period of years.

Item No. 32. *Cement Plant*—Allotted \$1,250,000—Project No. 5—F.E. 1324.

This sum was required to take care of an increase in power agreed upon and to strengthen the foundations after careful analysis had revealed a much weaker sub strata than had been expected from earlier soil tests.

Item No. 33. *Aerial Survey*—Allotted \$50,000—Project No. 12—F.E. 842.

The original Aerial Survey Project undertook 50,000 sq. miles of soil survey; we were requested to extend this to 85,000 sq. miles and this additional sum of money took care of this extra 35,000 sq. miles of soil investigation and analysis.

Item No. 34. *Commodities*—Allotted \$1,000,000—Project No. 37, F.E. 2668.

The objective of this project was to supply Pakistan with much needed copper and aluminum (see item 8, Project No. 20 for India) for the same reason as we agreed to do so for India. Pakistan had built a wire plant but had no copper with which to commence operating it.

PAKISTAN—1955-56 Allocations

Item No. 35. *Warsak*—Allotted \$7,000,000—Project No. 22—F.E. 2675, 2699.

See under Item 22 in 1952-53, Item 27 in 1953-54 and Item 31 in 1954-55. This additional sum is required to build up the fund required for the Warsak project.

Item No. 36. *Goalpara (Khulna) Thermal Station*—Allotted \$2,000,000—F.E. 2797—Project 41.

There is a great shortage of power in East Pakistan and the jute mill and other factory development is thus considerably handicapped. It has been possible to buy up spare standby thermal power plants from the Ontario Hydro-Electric Power Commission and use them in Pakistan. For this project one such plant of 20,000 k.w.'s was purchased. (Also for Project No. 5, Item 17 and Project No. 23, Item 29) The advantages of purchasing these plants are many—they have been very little used, only enough to eliminate technical difficulties, they are very much cheaper than similar plants manufactured today; they are immediately available.

CEYLON—1952-53 Allocations

(Ceylon did not receive aid from Canada until the fiscal year 1952-53)

Item No. 37. *Fishing Project*—Allotted \$1,225,000—Project No. 29—F.E. 2524, 2525.

It was decided to assist the Ceylon Government to provide more protein in the food of its people as suggested by the experts at the World Health Organization. It was thought that the best way to do this would be by putting more fish into the diet, but fishing in Ceylon has always been a somewhat precarious business and Canada was asked, seeing that she is herself a fishing country, to provide a fishing experimental project. Two experimental boats were built on the West Coast and manned by a Canadian crew, a fishing biologist was sent out and a fishing expert put in charge of the whole project. A considerable amount of research work has been done by the two Canadian experimental boats in mapping the habits of fish shoals, fish feeding grounds, etc. and in showing the local fishermen how to use more efficient fishing gear. In addition to the two experimental boats, a trawler was purchased which has caught a considerable amount of fish much of which has been wasted owing to the lack of refrigeration. It was decided to complete the project by providing a relatively small refrigeration plant and also a reduction plant for turning fish offal into cattle meal and fertilizer and also for the extraction of cod liver and other fish oils. This refrigeration project, having been worked out in detail by refrigeration experts, is now well under way. The Ceylon Government has agreed to build and supply on an appropriate site a proper fishing harbour, of which the refrigeration plant will be a part, and it is hoped that this up to date fishing project will point the way eventually to a substantial method of increasing the protein value of the Ceylonese diet and will also aid in betterment of conditions for the local fisherman. Also a part of the scheme is an attempt to found fishing co-operatives by a Canadian Cooperatives expert working in Ceylon.

Item No. 38. *Gal Oya Transmission Line*—Allotted \$775,000—Project 15—F.E. 1155.

One of the very grave problems of the Ceylon Government is to bring about a more equitable population distribution. The areas immediately north and south of the capital, Colombo, are amongst the most congested in the world, whereas in the centre and on the opposite side of the island there is a considerable amount of uncultivated land (not previously usable until malaria was wiped out there). In the congested area there is much poverty which has given rise to considerable Communist agitation. The Government is now opening up projects in the sparsely populated areas of the country, and the Gal Oya project is the largest of these where it is hoped to settle eventually a considerable number of immigrants from the west coast. But irrigation, power development and distribution all have to be undertaken. The Government of Ceylon has built, on money borrowed from the International Bank, a power station, but has no funds for power distribution. Canada has agreed to build a power distribution line for the Gal Oya area.

CEYLON—1953-54 Allocations

Item No. 39. *Additional Funds*—Allotted \$182,000—for Project No. 29 (Item 37 above)—F.E. 2524, 2525.

Item No. 40. *Flour*—Allotted \$450,000—Project No. 30—F.E. 1194.

This flour was supplied for the purpose of aiding the Government of Ceylon in linking up villages and agricultural areas by the building of rural roads,

thus increasing marketing possibilities and generally opening up backward areas. The Government of Ceylon sells the flour and the rupees thus realized are used to provide culverts, engineering, etc., for roads, the villagers providing the labour.

Item No. 41. *Flour*—Allotted \$300,000—Project No. 33—F.E. 2549, 2812.

This flour will be sold by the Government of Ceylon and the rupees used to meet the local costs of building a School of Practical Technology in Colombo. Ceylon is very short of all kinds of trained technicians.

Item No. 42. *Agricultural Station Workshops*—Allotted \$225,000—Project No. 21—F.E. 2502.

Agriculture in Ceylon is being organized in District Stations and in each one a workshop is being established to take care of repairs to agricultural machinery. We supplied tools for these shops, some agricultural equipment and two mobile veterinary vans.

Item No. 43. *Pest Control Equipment*—Allotted \$27,500—Project No. 17—F.E. 1289.

Agriculture in Ceylon suffers from numerous pests. To aid Ceylon in controlling these we supplied trucks fitted with spraying and dusting equipment.

Item No. 44. *School of Practical Technology, Colombo*—Allotted \$200,000—Project No. 9—F.E. 2804.

This project is linked with Project No. 33 (Item 41 above) and this sum of \$300,000 is being used towards furnishing and equipping this school with equipment not available in Ceylon.

Item No. 45. *Two Diesel Locomotives*—Allotted \$425,000—Project No. 13—F.E. 1068.

Ceylon is in process of dieselizing its railways. A particularly satisfactory diesel locomotive which ideally suits Ceylon conditions has been found in production in Canada. This locomotive is being made standard and from the above sum two such locomotives with spares were provided, also training for a Ceylonese maintenance man was provided in Canada.

Item No. 46. *Portable Irrigation Units*—Allotted \$185,000—Project No. 14—F.E. 1107.

This is new departure in Ceylon irrigation and was developed for areas with good shallow wells. The equipment consists of aluminum piping and sprinklers, water being pumped from a small rig mounted on a push cart. Peasants move this equipment from well to well and thus irrigate a substantial area. This method is very popular and is proving to be of great benefit in the areas short of regular rainfall.

CEYLON—1954-55 Allocations

Item No. 47. *Three Diesel Locomotives*—Allotted \$500,000—Project 28—F.E. 2523.

This project was similar to Project No. 13, see Item 45 above.

Item No. 48. *Railway Wooden Ties (Sleepers)*—Allotted \$200,000—Project No. 34—F.E. 2554.

This project was undertaken to aid Ceylon in the rehabilitation of her railway system.

Item No. 49. *Airport Equipment*—Allotted \$205,000—Project No. 24—F.E. 2718.

The airport at Colombo is very badly equipped in almost every way and Canada has been asked to contribute some telecommunication equipment. At

the time of preparing this report Canadian experts have returned to Canada after conferring with airport authorities and exact requirements have been established.

Item No. 50. *Colombo Harbour Equipment*—Allotted \$400,000—Project No. 25—F.E. 2719.

The harbour at Colombo is being developed from an anchorage-lighter system to modern docks. Canada was asked for aid in this endeavour and is contributing nine level luffing cranes manufactured in Canada.

Item No. 51. *Gal Oya Agricultural Development Scheme*—Allotted \$210,000—Project No. 26—F.E. 2698.

The objective of this scheme is to irrigate high land out of the reach of flow irrigation. It links with our Project No. 15 (Item 38) in that power for it will be supplied by our transmission line. For this project we are supplying pumps, aluminum piping and some agricultural equipment.

Item No. 52. *Flour*—Allotted \$650,000—Project No. 36—F. E. 2812.

This flour will be sold by the Government of Ceylon and the resulting rupees used by them as follows:—

\$50,000 in rupees to meet the local costs of a laboratory to be set up by our Colombo Plan expert at Dept. of Agriculture, University of Ceylon, Peradeniya.

\$600,000 in rupees to assist in meeting the costs of building the Mutwal Fisheries Harbour to accommodate our Project No. 29 (Item 37) above.

CEYLON—1955-56 Allocations

Item No. 53. *Flour*—Allotted \$600,000—Project 59—F. E. 2610.

\$400,000—This flour was sold by the Government of Ceylon and the resulting rupees used to provide further assistance to Project 29 (Item 37), the Mutwal Harbour for our Fishing Project.

\$200,000—This flour was sold by the Government of Ceylon and the resulting rupees used for Rural Roads—see Project 30 (Item 40) above.

Item No. 54. *School of Practical Technology*—Allotted \$200,000—Project No. 9—F. E. 2804.

Supply of Flour, which will be sold by the Government of Ceylon and the rupees used to supply additional funds for furnishing, equipping and building this school. The project links with Project No. 33 (Item 41) above and with Project No. 59 (Item 53) above.

Item No. 55. *Pest Control*—Allotted \$6,000—Project No. 17—F. E. 2697.

This project is linked with Item 43. It is for the provision of more equipment for this Project No. 17.

Item No. 56. *Fisheries*—Allotted \$80,000—Project No. 29—F. E. 2524.

This sum was required for the provision of insulated trucks and fishing equipment as additions to the project set out in Item 37.

Item No. 57. *Aerial Survey*—Allotted \$200,000—Project 40—F. E. 2720.

Ceylon was very anxious to have a resources survey along the lines of the one supplied to Pakistan. This project was inaugurated to set up such a survey from this year's funds and will need further to complete from some future year.

Item No. 58. *Colombo Harbour Equipment*—Allotted \$180,000—Project No. 25—F. E. 2719.

This sum was required to complete the purchase of the nine cranes shown in Item 50.

Item No. 59. *Three Diesel Locomotives*—Allotted \$555,000—Project No. 39—F. E. 2700.

This project connects with Project 13 (Item 45) and Project 28 (Item 47) and supplies Ceylon with three more Canadian built diesel locomotives with spares, making eight in all.

Item No. 60. *Flour for Fisheries Co-operative School*—Allotted \$180,000—Project No. 46—F. E. 2788.

This flour will be sold by the Ceylon Government and the resulting rupees will be used to build and equip co-operative schools—see descriptive matter on Project No. 29 (Item 37).

DETAILS OF EQUIPMENT PROVIDED UNDER TECHNICAL ASSISTANCE

BURMA

Item No. 61. *Text Books for University of Rangoon*—Allotted \$1,100—Project No. 56—F.E. 2781.

Item No. 62. *Cobalt Therapy Bomb*—Allotted \$29,500—Project No. 54—F.E. 2803.

Item No. 63. *Central Workshops*—Allotted \$16,000—Project No. 58—F.E. 2808.

Tools and equipment will be supplied and the set up will be supervised by Canadian experts in the field.

CAMBODIA

Item No. 64. *Mobile Veterinary Service Clinics*—Allotted \$15,000—Project No. 49—F.E. 2621.

CEYLON

Item No. 65. *Equipment for Agricultural Laboratory at University of Ceylon*—Project No. 18—Allotted \$23,000—F.E. 1388.

Item No. 66. *Mobile Cinema Vans*—Allotted \$30,000—Project No. 51 F.E. 2643.
These vans were supplied for audio-visual education in villages.

Item No. 67. *Machine tools for Junior Technical School, Galle*—Allotted \$20,000—Project No. 50—F.E. 2603.

Item No. 68. *Film Strips for Technical Education*—Allotted \$2,000—Project No. 55—F.E. 2616.

INDIA

Item No. 69. *Biological Control Stations*—Allotted \$38,355—Project No. 52.

This project was undertaken at the instance of India in order to cooperate with the Commonwealth Institute of Biological Control.

PAKISTAN

Item No. 70. *Biological Control Station*—Allotted \$46,155—Project No. 53—see item 68 above.

Item No. 71. Hatching Eggs & Incubator—Allotted \$6,000—Project No. 57—F.E. 2613.

This was an attempt to assist in stocking the Government's Poultry Farm at Landhi.

Item No. 72. Tractor Training School (East Pakistan)—Project No. 31—Allotted \$18,000—F.E. 2544.

Equipment was supplied to set up training schools for the repair and maintenance of farm tractors.

Item No. 73. Mobile Dispensaries for use in Coal Fields—Allotted \$12,000—Project No. 32—F.E. 2545.

APPENDIX B.

SUMMARY OF EXPENDITURE

On

TECHNICAL CO-OPERATION PROGRAM

1950—31 December, 1955**

TECHNICAL CO-OPERATION SERVICE

**INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION
DIVISION**

DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, CANADA

****Preliminary figures 31 December—31 March, 1956.**

COLOMBO PLAN TECHNICAL CO-OPERATION PROGRAM
EXPENDITURE OF CANADIAN FUNDS

RECAPITULATION

Fiscal Years 1950-1951 to 1955-56 (up to 31 December 1955)

Country	Experts	Training	Equipment	Total
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Burma.....	21,024 56	6,489 94	1,013 29	28,527 79
Cambodia.....	23,371 01	4,499 03	13,634 02	41,504 06
Ceylon.....	448,933 86	157,337 27	46,537 11	652,808 24
India.....	45,466 31	504,832 68	38,355 25	588,654 24
Indonesia.....	22,964 85	152,610 13	—	175,574 98
Malaya.....	124,018 49	4,320 38	—	128,338 87
North Borneo.....	12,109 55	—	—	12,109 55
Pakistan.....	125,195 31	530,197 69	60,733 66	716,126 66
Singapore.....	—	10,395 12	—	10,395 12
Thailand.....	—	6,921 43	—	6,921 43
Vietnam.....	—	6,391 44	—	6,391 44
Total.....	823,083 94	1,383,995 11	160,273 33	2,367,352 38
Bureau Contributions.....	—	—	—	26,949 77
Miscellaneous.....	—	—	—	13,519 10
Grand Total.....	—	—	—	2,407,821 25

COLOMBO PLAN TECHNICAL CO-OPERATION PROGRAM

EXPENDITURE OF CANADIAN FUNDS 1954-55 TO 1955-56, BY FISCAL YEAR AND COUNTRY

Country	1954-55						1955-56 (April 1- December 31)**									
	Experts		Trainees		Equipment		Total		Experts		Trainees		Equipment		Total	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Burma.....	4,377	25	—	—	—	—	4,377	25	16,647	31	6,489	94	1,013	29	24,150	54
Cambodia.....	17,807	86	1,659	55	—	—	19,467	41	4,292	73	2,839	48	13,634	02	20,766	23
Ceylon.....	131,033	21	32,833	00	20,542	14	184,408	35	104,663	20	64,280	02	25,994	97	194,938	19
India.....	14,434	31	96,338	04	38,355	25	149,127	60	24,950	77	134,728	24	—	—	159,679	01
Indonesia.....	9,761	88	54,542	10	—	—	64,303	98	13,202	97	98,068	03	—	—	111,271	00
Malaya.....	54,428	28	1,578	45	—	—	56,006	73	27,218	55	554	42	—	—	27,772	97
North Borneo.....	5,466	81	—	—	—	—	5,466	81	4,953	99	—	—	—	—	4,953	99
Pakistan.....	62,323	01	141,290	41	46,155	25	249,768	67	29,250	99	130,411	58	14,578	41	174,240	98
Singapore.....	—	—	8,540	56	—	—	8,540	56	—	—	1,854	56	—	—	1,854	56
Thailand.....	—	—	2,845	37	—	—	2,845	37	—	—	584	01	—	—	1,554	01
Vietnam.....	—	—	4,313	20	—	—	4,313	20	—	—	2,078	24	—	—	2,078	24
Total.....	299,632	61	343,940	68	105,052	64	748,625	93	225,180	51	441,838	52	55,220	69	722,239	72
Bureau Contributions:	—	—	—	—	—	—	7,210	87	—	—	—	—	—	—	5,081	30
Miscellaneous*	—	—	—	—	—	—	6,519	10	—	—	—	—	—	—	7,000	00
Grand Total.....	—	—	—	—	—	—	762,355	90	—	—	—	—	—	—	734,321	02

* Expenses of W. H. Miller (Cardographic Conference, Mussoorie):
 Biological Control Stations (1954-55):

Biological Control Stations (1955-56):

** Estimated expenditures December 31—March 31, 1956:

Trainees.....	575,176.48
Experts.....	313,604.24
Equipment.....	83,870.52
Credits applicable to previous years.....	642.90
	\$972,008.34

\$1,519.10
 5,000.00
 \$6,519.10
 7,000.00

COLOMBO PLAN TECHNICAL CO-OPERATION PROGRAM
EXPENDITURE OF CANADIAN FUNDS 1950-51 TO 1953-54, BY FISCAL YEAR AND COUNTRY

Country	1950-51			1951-52			1952-53			1953-54		
	Total	Experts	Trainees	Total	Experts	Trainees	Total	Experts	Trainees	Total	Experts	Trainees
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Burma.....	—	—	—	—	—	—	—	—	—	—	—	—
Cambodia.....	—	—	—	—	—	—	—	—	—	—	—	—
Ceylon.....	—	20,424 77	25,617 02	46,141 79	68,608 87	14,864 34	83,473 21	1,270 42	19,742 89	1,270 42	1,270 42	1,270 42
India.....	—	—	123,430 93	123,430 93	2,561 09	52,324 21	54,885 30	124,103 81	98,011 26	143,846 70	124,103 81	98,011 26
Indonesia.....	—	—	—	—	—	—	—	3,520 14	—	101,531 40	3,520 14	—
Malaya.....	—	—	—	—	—	—	—	—	—	—	—	—
North Borneo.....	—	—	—	—	—	—	—	42,371 66	2,187 51	44,559 17	42,371 66	2,187 51
Pakistan.....	—	3,500 00	91,372 95	94,872 95	2,561 10	61,374 95	63,936 05	1,688 75	—	1,688 75	1,688 75	—
Singapore.....	—	—	—	—	—	—	—	27,560 21	105,747 80	133,308 01	27,560 21	105,747 80
Thailand.....	—	—	—	—	—	—	—	—	3,542 05	3,542 05	—	3,542 05
Total.....	—	24,024 77	240,420 90	264,445 67	73,731 06	128,563 50	202,294 56	200,514 99	229,231 51	429,746 50	200,514 99	229,231 51
Contributions to Colombo Bureau and Sundry Expenditure.....	5,581 50	—	—	676 79	—	—	4,189 31	—	—	4,210 00	—	—
GRAND TOTAL.....	5,581 50	—	—	265,122 46	—	—	206,483 87	—	—	433,956 50	—	—

APPENDIX C

COLOMBO PLAN

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31st DECEMBER, 1955

Recapitulation

Capital Projects	(1) Allocated	(2) Expended to Dec. 31/55	(3) Additional Commitments	(4) Under Active Negotiation	Balance of Allocations
India.....	\$ 55,125,000	\$ 40,808,584	\$ 8,196,393	\$ 3,125,000	\$ 2,995,023
Pakistan.....	47,734,638	21,053,291	8,131,096	13,977,128	4,573,123
Ceylon.....	8,141,485	4,106,286	1,953,502	1,388,740	692,957
	<u>\$111,001,123</u>	<u>\$ 65,968,161</u>	<u>\$ 18,280,991</u>	<u>\$ 18,490,868</u>	<u>\$ 8,261,103</u>
Voted.....				\$128,400,000	
Lapsed (from early Technical Assistance Votes).....				529,296	
				<u>\$127,870,704</u>	
Allotted to Capital Projects.....			\$111,001,123		
Technical Assistance Expenditures.....			2,407,821		
			<u>113,408,944</u>		
Unallotted Balance.....				<u>\$ 14,461,760</u>	

(1) Approved by the Canadian Government for allotment to particular projects.

(2) Bills or invoices paid by the Canadian authorities.

(3) Additional commitments to suppliers in the form of purchase orders or firm commitments.

(4) Under active negotiation with Canadian companies for contracts on particular projects.

Note:—In the event that any goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the recipient government, counterpart funds will normally be set aside for use on agreed economic development projects.

EXTERNAL AFFAIRS

COLOMBO PLAN—INDIA

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31ST DECEMBER, 1955

	(1)	(2)	(3)	(4)	
	Allocated	Expended to Dec. 31/55	Outstanding Commitments	Under Active Negotiation	Balance of Allocation
Project.*					
*Trucks and Equipment for Bombay State Transportation System.....	\$4,370,000	\$4,355,628	\$—	\$—	\$14,372
Locust Control Equipment.....	130,000	—	127,712	—	2,288
Mayurakshi Hydro Electric and Irrigation Project					
(a) Engineering services and equipment.....	2,500,000	1,190,052	49,396	—	1,260,552
(b) Wheat to yield rupee counterpart funds for meeting local costs.....	15,000,000	15,000,000	—	—	—
UMTRU Power					
(a) Engineering services and equipment.....	1,200,000	267,467	628,710	—	303,823
(b) Copper and aluminum to yield rupee counterpart funds for meeting local costs.....	2,100,000	2,100,000	—	—	—
*Locomotive Boilers for the Indian Railways.....	2,080,000	1,782,206	33,000	—	264,794
Additional Commodities to Yield Counterpart Funds for Local Rupee Costs of Particular Projects Still to be Agreed Upon—Copper and Aluminum.....	21,400,000	15,415,838	5,891,911	—	92,251
Beaver Aircraft and Spraying Equipment.....	2,900,000	697,393	1,160,000	—	1,042,607
Diesel Generators for Rural Electrification.....	160,000	—	145,664	—	14,336
Canada—India Reactor.....	3,000,000	—	—	3,000,000	—
Magnetometer Survey.....	135,000	—	135,000	—	—
Engineering Investigation of Kundah Hydro.....	125,000	—	—	125,000	—
	25,000	—	25,000	—	—
	\$55,125,000	\$40,808,584	\$8,196,393	\$3,125,000	\$2,995,023

(1) Approved by the Canadian Government for allotment to particular projects.

(2) Bills or invoices paid by the Canadian authorities.

(3) Outstanding commitments to suppliers in the form of purchase orders or contracts.

(4) Under active negotiation with Canadian companies for contracts on particular projects.

* In the event that any of these goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the Indian Government, counterpart funds will normally be set aside for use on agreed economic development projects.

COLOMBO PLAN—PAKISTAN

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31st DECEMBER, 1955

Project	(1) Allocated	(2) Expended to Dec. 31/55	(3) Outstanding Commitments	(4) Under Active Negotiation	Balance of Allocation
Cement Plant.....	\$ 6,750,000	\$ 5,999,867	\$ 750,133	—	—
Government Engineer.....	41,000	30,800	10,200	—	—
Railway Ties.....	2,770,490	2,770,490	—	—	—
Aerial Photographic and Resources Survey.....	3,050,000	2,912,494	—	—	137,506
Dr. Mollard.....	4,800	4,206	—	—	594
Thal Livestock Development and Research Farm.....	200,000	179,937	14,935	2,128	3,000
Beaver Aircraft for Locust Control.....	176,807	176,807	—	—	—
*Warsak Hydro Electric Project					
(a) Engineering services, contractor and equipment.....	18,400,000	2,778,809	6,646,474	7,500,000	1,474,717
(b) Wheat to yield rupee counterpart funds for meeting local costs.....	5,000,000	5,000,000	—	—	—
Punjab Hydro Electric Schemes—Shadiwal.....	2,500,000	5,681	287,778	500,000	1,706,541
Ganges-Kodadak Irrigation Schemes Engineering Equipment and Design for Thermal Plant.....	1,800,000	867,059	396,576	—	536,365
Dacca-Chittagong High Tension Transmission Line.....	4,000,000	—	25,000	3,975,000	—
Additional Commodities to Yield Counterpart Funds for Local Rupee costs of Particular Projects still to be agreed upon—Copper and Aluminum.....	1,000,000	285,600	—	—	714,400
Khulna Thermal Power Plant.....	2,000,000	—	—	2,000,000	—
Engineering Investigations					
R. A. Hauright—Dacca Chittagong and Ganges Kobadak.....	12,686	12,686	—	—	—
H. G. Acres & Company—Power Projects.....	21,761	21,761	—	—	—
Canal Falls.....	7,094	7,094	—	—	—
	\$ 47,734,638	\$ 21,053,291	\$ 8,131,096	\$ 13,977,128	\$ 4,573,123

(1) Approved by the Canadian Government for allotment to particular projects.

(2) Bills or invoices paid by the Canadian authorities.

(3) Outstanding commitments to suppliers in the form of purchase orders or contracts.

(4) Under active negotiation with Canadian companies for contracts on particular projects.

*In the event that goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the Pakistan Government, counterpart funds will normally be set aside for use on agreed economic development projects.

In addition, wheat to the value of \$5,000,000 was supplied outside the Colombo Plan to yield rupee counterpart funds for the Warsak Project.

COLOMBO PLAN—CEYLON

ALLOCATIONS, COMMITMENTS AND EXPENDITURES AS AT 31ST DECEMBER, 1955

Project	(1) Allocated	(2) Expended to Dec. 31/55	(3) Outstanding Commitments	(4) Under Active Negotiation	Balance of Allocation
Gal Oya Transmission Line.....	\$ 774,500	\$ 552,230	\$ 33,941	\$ —	\$ 188,329
Fisheries Development Project					
(a) Fishing equipment, Refrigeration and By-Products Plants.....	1,468,000	901,434	397,283	98,740	70,543
(b) Flour to yield rupee counterpart funds for meeting local costs.....	1,000,000	300,000	—	700,000	—
Agricultural Workshops.....	225,000	50,367	99,799	—	74,834
Pest Control.....	34,136	29,325	4,653	—	158
Portable Irrigation Units.....	185,000	43,303	30,226	35,000	76,471
School of Practical Technology					
(a) Flour to yield counterpart funds for Building.....	550,000	300,000	—	200,000	—
(b) Equipment, etc.....	220,000	—	3,035	25,000	171,965
(c) Investigation and report.....	9,413	9,413	—	—	—
*Diesel Locomotives.....	1,480,000	856,778	554,391	—	68,831
*Railway Ties.....	183,604	183,604	—	—	—
*Airport Equipment					
(a) Equipment.....	205,000	—	—	205,000	—
(b) Engineering Investigation.....	7,000	—	5,000	—	2,000
Colombo Harbour Equipment.....	580,000	—	579,483	—	517
Rural Roads					
(a) Flour to yield rupee counterpart funds for meeting local costs.....	650,000	650,000	—	—	—
Gal Oya Agricultural Development.....	210,000	—	45,691	125,000	39,309
Ceylon University					
(a) Flour to yield rupee counterpart funds for meeting local costs of an agricultural laboratory.....	49,891	49,891	—	—	—
Fisheries Cooperative School—Polgalla					
(a) Flour to yield rupee counterpart funds to meet cost of construction of school.....	179,941	179,941	—	—	—
Aerial Survey.....	200,000	—	200,000	—	—
	\$ 8,141,485	\$ 4,106,286	\$ 1,953,502	\$ 1,388,740	\$ 692,957

(1) Approved by the Canadian Government for allotment to particular projects.

(2) Bills or invoices paid by the Canadian authorities.

(3) Outstanding commitments to suppliers in the form of purchase orders or contracts.

(4) Under active negotiation with Canadian companies for contracts on particular projects.

* In the event that any goods supplied by grants from the Canadian Government are sold or otherwise disposed of by the Ceylon Government, counterpart funds will normally be set aside for use on agreed economic development projects.

Colombo Plan Administration in Canada
STATISTICAL SUMMARY
Of
TECHNICAL CO-OPERATION PROGRAM
1950—31 March 1956
TECHNICAL CO-OPERATION SERVICE
INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION
DIVISION
DEPARTMENT OF TRADE AND COMMERCE
OTTAWA, CANADA

TABLE 1

NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1956, BY FIELD OF STUDY AND AGENCY FOR WHICH TRAINING WAS ARRANGED

Field of Study	Colombo Plan			United Nations			UNESCO			FAO	ICAO	ILO	Inter-National Bank	ICA	Total
	Fellow	Scholar	Total	Fellow	Scholar	Total	Fellow	Scholar	Total						
Agriculture.....	9	3	12	—	—	—	1	—	1	—	—	—	—	—	13
Agronomy.....	—	2	2	—	—	—	—	—	—	—	—	—	—	—	3
Animal Husbandry.....	4	—	4	—	—	—	—	—	—	—	—	—	—	—	4
Biological Control.....	1	1	2	—	—	—	—	—	—	—	—	—	—	—	2
Botany.....	—	1	1	—	—	—	—	—	—	—	—	—	—	—	2
Chemistry.....	1	2	3	—	—	—	—	—	—	—	—	—	—	—	3
Economics.....	—	2	2	—	—	—	—	—	—	—	—	—	—	—	2
Engineering.....	7	8	15	—	—	—	—	—	—	—	—	—	—	—	16
Farm Mechanics.....	2	2	4	—	—	—	1	—	1	—	—	—	—	—	4
Fertilizer Manufacture.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Grain Storage and Distribution.....	4	—	4	—	—	—	—	—	—	—	—	—	—	—	4
Government Agricultural Administration.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Helmintology.....	—	1	1	—	—	—	—	—	—	1	—	—	—	—	1
Meat Packing.....	—	—	—	—	1	1	—	—	—	—	—	—	—	—	1
Mycology.....	1	1	2	—	—	—	—	—	—	—	—	—	—	—	2
Plant Pathology.....	2	1	3	—	—	—	—	—	—	—	—	—	—	—	3
Soil Science.....	3	3	6	—	—	—	—	—	—	1	—	—	—	—	4
Tobacco Research and Production.....	2	—	2	—	—	—	—	—	—	1	—	—	—	—	3
Veterinary Science.....	2	—	2	—	2	2	—	—	—	—	—	—	—	—	4
Accounting.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Aviation.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Banking.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Carried forward....	41	27	68	11	1	12	2	—	2	5	5	—	1	2	95

TABLE 1—*Con.*
 NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1956, BY FIELD OF STUDY AND AGENCY FOR WHICH TRAINING WAS ARRANGED—*Con.*

Field of Study	Colombo Plan			United Nations			UNESCO			FAO	ICAO	ILO	Inter- Inter- National Bank	ICA	Total
	Fellow	Scholar	Total	Fellow	Scholar	Total	Fellow	Scholar	Total						
Brought forward...	41	27	68	11	1	12	2	—	2	5	5	—	1	2	95
Biochemistry and															1
Enzymology		1	1	—	—	—	—	—	—	—	—	—	—	—	4
Business Administration	1	1	2	2	—	2	—	—	—	—	—	—	—	—	4
Cement Manufacture	1	—	1	1	—	1	—	—	—	—	—	—	—	—	3
Pre-Cast Concrete	1	—	1	—	—	—	—	—	—	—	—	—	—	—	2
Manufacture	3	4	7	—	—	—	—	—	—	—	—	—	—	—	1
Chemical Industry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3
Chemistry	18	1	19	10	—	10	3	—	3	5	—	1	—	—	40
Co-Operatives and Market- ing	—	2	2	—	—	—	23	1	23	—	2	—	—	—	5
Economics	10	—	10	—	—	—	—	2	2	—	—	—	—	—	33
Education	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
Education Psychology	—	—	—	—	—	—	—	—	—	—	—	—	—	—	35
Engineering	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3
Chemical	18	1	19	1	—	1	—	1	1	—	—	—	—	—	29
Civil	8	3	11	8	—	8	—	—	—	—	—	—	—	—	18
Electrical	25	4	29	5	1	6	—	—	—	—	—	—	—	—	28
Hydro-Electrical	—	—	—	2	1	3	—	—	—	—	—	—	—	—	4
Irrigation	4	—	4	—	—	—	—	—	—	—	—	—	—	—	16
Mechanical	9	10	19	—	—	—	—	—	—	—	—	—	—	—	1
Thermal-Electrical	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Thermo Dynamics	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Agricultural (see Agri- culture)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100
Carried forward....	138	54	192	40	3	43	28	4	32	10	7	1	1	4	280

TABLE 1—*Con.*NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1955, BY FIELD OF STUDY AND AGENCY FOR WHICH TRAINING WAS ARRANGED—*Con.*

Field of Study	Colombo Plan			United Nations			UNESCO			FAO	ICAO	ILO	Inter- Inter- National Bank	ICA	Total
	Fellow	Scholar	Total	Fellow	Scholar	Total	Fellow	Scholar	Total						
Brought forward...	138	54	192	40	3	43	28	4	32	10	7	1	1	4	230
Fisheries.....	4	1	5	1	—	1	—	—	—	3	—	—	—	—	9
Forestry.....	11	—	11	2	—	2	—	—	—	4	—	—	—	5	22
Geology.....	—	4	4	3	1	4	—	—	—	—	—	—	—	—	8
Health Services—															
Anaesthesiology.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Anatomy.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Bacteriology.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Cardiology.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Dentistry.....	3	—	3	—	—	—	—	—	—	—	—	—	—	—	3
Dermatology.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Genito-Urinary Surgery.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Hospital Surgery.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Microbiology.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Neo-Natal Pathology.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Neuro-Pathology.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Nutrition and Dietetics.....	1	—	1	5	—	5	—	—	—	1	—	—	—	—	6
Nursing.....	16	—	16	—	—	—	—	—	—	—	—	—	—	—	16
Obstetrics and Gynaecology.....	6	—	6	—	—	—	—	—	—	—	—	—	—	—	6
Ophthalmology.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Pathology.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Pediatrics.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Pharmacology.....	2	1	3	—	—	—	—	—	—	—	—	—	—	—	2
Physiology.....	3	—	3	—	—	—	—	—	—	—	—	—	—	—	3
Psychiatry.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	1
Public Health.....	13	—	13	1	—	1	—	—	—	—	—	—	—	—	14
Radiology.....	3	—	3	—	—	—	—	—	—	—	—	—	—	—	3
Surgery.....	2	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Tuberculosis.....	6	—	6	—	—	—	—	—	—	—	—	—	—	—	6
Carried forward.....	231	60	291	47	4	51	28	4	32	18	7	1	1	9	410

STANDING COMMITTEE

TABLE 1—*Con.*NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1956, BY FIELD OF STUDY AND AGENCY FOR WHICH TRAINING WAS ARRANGED—*Con.*

Field of Study	Colombo Plan			United Nations			UNESCO			ICAO	ILO	Inter-National Bank	ICA (FOA)	Total
	Fellow	Scholar	Total	Fellow	Scholar	Total	Fellow	Scholar	Total					
Brought Forward...	231	60	291	47	4	51	28	4	32	7	1	1	9	410
Housing and Town Planning	—	—	—	4	1	5	—	—	—	—	—	—	—	5
Immigration and Settlement	4	—	4	—	—	—	—	—	—	—	—	—	1	5
Industrial Development and Management	3	—	3	8	—	8	—	—	—	—	—	—	—	11
Iron and Steel Industry	—	—	—	1	—	1	—	—	—	—	—	—	—	1
Library Science	—	1	1	—	—	—	—	—	—	—	—	—	—	1
Mathematics	—	1	1	1	—	1	—	—	—	1	—	—	—	1
Meteorology	—	—	—	1	—	1	—	—	—	—	—	—	—	2
Mining	1	—	1	8	—	8	—	—	—	—	—	—	—	9
Labour Safety	—	—	—	—	—	—	—	—	—	—	1	—	—	1
Optics	1	—	1	—	—	—	—	—	—	—	—	—	—	10
Oil and Gas Well Conservation	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Oil Technology	—	1	1	1	—	1	—	—	—	—	—	—	—	1
Palaeontology	—	1	1	—	—	—	—	—	—	—	—	—	—	1
Photogeology	2	—	2	1	—	1	—	—	—	—	—	—	—	3
Photogrammetry	6	—	6	—	—	—	—	—	—	—	—	—	—	6
Carried Forward...	248	64	312	71	5	76	28	4	32	8	2	1	10	459

TABLE 1—*Con.*
 NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1956, BY FIELD OF STUDY AND AGENCY FOR WHICH TRAINING WAS ARRANGED—*Con.*

Field of Study	Colombo Plan			United Nations			UNESCO			FAO	ICAO	ILO	Inter- National Bank	ICA	Total
	Fellow	Scholar	Total	Fellow	Scholar	Total	Fellow	Scholar	Total						
Brought Forward...	248	64	312	71	5	76	28	4	32	18	8	2	1	10	459
Photolithography.....	1	2	3	—	—	—	—	—	—	—	—	—	—	—	1
Physics.....	—	4	4	—	—	—	—	—	—	—	—	—	—	—	2
Nuclear Physics.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
Police Administration.....	15	—	15	—	—	—	—	—	—	—	—	—	—	6	6
Printing and Engraving.....	1	1	2	—	—	—	—	—	—	—	—	—	—	—	2
Psychology.....	—	1	1	—	—	—	—	2	2	—	—	—	—	—	1
Child Psychology.....	—	1	1	—	—	—	—	—	—	—	—	—	—	—	1
Public Administration.....	29	—	29	35	—	35	—	—	—	—	—	—	—	—	4
Public Finance.....	2	—	2	28	1	29	—	—	—	—	—	—	—	10	74
Public Information Services.....	2	—	2	—	—	—	—	—	—	—	—	—	—	4	4
Journalism.....	3	2	5	—	—	—	—	—	—	—	—	—	—	—	2
Film Board.....	2	—	2	1	—	1	4	1	5	—	—	—	—	—	5
Radio Broadcasting.....	2	—	2	1	—	1	2	—	2	—	—	—	—	1	9
Pulp and Paper Manufacture.....	3	—	3	—	—	—	—	—	—	1	—	—	—	2	21
Railways.....	9	—	9	21	—	21	—	—	—	—	—	—	—	—	6
Refrigeration.....	1	—	1	—	—	—	—	—	—	—	—	—	—	—	30
River Survey and Con- servancy.....	2	—	2	1	—	1	—	—	—	—	—	—	—	—	1
Carried Forward.....	320	74	394	158	6	164	34	7	41	19	8	2	1	33	662

* corrected figure.

TABLE 1—Cont.
NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1955, BY FIELD OF STUDY AND AGENCY FOR WHICH TRAINING WAS ARRANGED—Cont.

Field of Study	Colombo Plan			United Nations			UNESCO			ICAO	ILO	Inter- Inter- National Bank	ICA	Total
	Fellow	Scholar	Total	Fellow	Scholar	Total	Fellow	Scholar	Total					
Brought Forward...	320	74	394	153	6	159	34	7	41	8	2	1	33	662
Road and/or River Trans-	3	—	3	3	—	3	—	—	—	—	—	—	—	6
port	—	—	—	26	11	37	1	—	1	—	—	—	—	38
Social Welfare	11	—	11	23	2	25	1	—	1	—	1	—	—	39
Statistics	2	—	2	3	—	3	—	—	—	—	—	—	—	5
Telecommunications	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	336	74	410	213	19	232	36	7	43	8	3	1	33	750

TABLE 2

NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL CO-OPERATION SERVICE FROM 1950 TO 31 MARCH 1956
BY COUNTRY AND AGENCY FOR WHICH TRAINING WAS ARRANGED

Country	Colombo Plan	United Nations	UNESCO	FAO	ICAO	ILO	Inter- national Bank	ICA	Total
Alaska.....	—	1	—	—	—	—	—	—	1
Australia.....	—	2	—	—	—	—	—	—	2
Austria.....	—	1	—	—	—	—	—	—	1
Belgium.....	—	1	—	—	—	—	—	—	1
Bolivia.....	—	2	—	—	—	—	—	—	2
Brazil.....	—	10	—	—	1	—	—	—	11
British Guiana.....	—	5	—	—	—	—	—	1	6
British West Indies.....	—	7	—	2	—	—	—	—	9
Burma.....	4	5	1	1	—	—	—	—	11
Cambodia.....	2	1	2	—	—	—	—	—	5
Ceylon.....	45	—	—	—	—	—	—	—	45
Chile.....	—	4	1	2	—	—	—	—	7
Colombia.....	—	5	—	1	—	1	—	—	7
Cuba.....	—	1	—	—	—	—	—	—	1
Denmark.....	—	2	1	—	—	—	—	—	3
Ecuador.....	—	1	2	1	1	—	—	—	5
Egypt.....	—	16	—	—	—	—	—	—	16
El Salvador.....	—	1	—	—	—	—	—	—	1
Finland.....	—	12	—	3	2	—	—	—	17
France.....	—	3	4	—	—	—	—	1	8
French Togoland.....	—	—	1	—	—	—	—	—	1
Germany.....	—	—	—	—	—	—	—	1	1
Gold Coast.....	—	3	—	—	—	—	—	—	3
Greece.....	—	1	1	—	—	—	—	—	2
Guatemala.....	—	1	—	—	—	—	—	—	1
Haiti.....	—	6	4	—	—	1	—	—	11
Hong Kong.....	—	2	—	—	—	—	—	—	2
India.....	148	24	2	2	—	—	—	1	177
Indonesia.....	52	3	1	—	1	—	—	2	59
Iran.....	—	6	2	1	—	—	1	5	15
Iraq.....	—	4	1	1	—	—	—	—	6
Israel.....	—	9	—	2	—	—	—	*4	15
Japan.....	—	1	1	—	—	—	—	—	2
Jordan.....	—	3	1	—	—	—	—	—	4
Korea.....	—	10	—	—	—	—	—	—	10
Lebanon.....	—	1	—	—	—	—	—	—	1
Malaya.....	2	—	1	—	—	—	—	—	3
Malta.....	—	2	—	—	—	—	—	—	2
Mexico.....	—	3	—	—	—	—	—	—	3
Nepal.....	—	3	—	—	—	—	—	—	3
Nicaragua.....	—	—	—	—	1	—	—	—	1
Nigeria.....	—	2	—	—	—	—	—	—	2
Norway.....	—	2	—	—	—	—	—	1	3
Nyasaland (Netherlands Citizen).....	—	—	1	—	—	—	—	—	1
Pakistan.....	151	24	3	—	—	—	—	—	178
Panama.....	—	2	—	—	—	—	—	—	2
Philippines.....	—	5	—	—	1	—	—	7	13
Saudi Arabia.....	—	—	—	—	—	—	—	1	1
Singapore.....	—	1	—	—	—	—	—	1	4
Sweden.....	—	3	—	—	—	1	—	—	4
Switzerland.....	—	2	—	—	—	—	—	—	2
Syria.....	—	—	5	1	—	—	—	—	6
Taiwan.....	—	12	1	—	—	—	—	1	14
Tanganyika.....	—	—	—	1	—	—	—	—	1
Thailand.....	1	5	4	2	1	—	—	*6	19
Turkey.....	—	1	1	—	—	—	—	—	2
United Kingdom.....	—	—	—	—	—	—	—	2	2
Uruguay.....	—	3	—	—	—	—	—	—	3
Venezuela.....	—	3	—	—	—	—	—	—	3
Viet Nam.....	2	—	—	—	—	—	—	—	2
Virgin Islands.....	—	3	—	—	—	—	—	—	3
Yugoslavia.....	—	2	—	—	—	—	—	—	2
Total.....	410	232	43	20	8	3	1	33	750

* Corrected figure.

TABLE 3

NUMBER OF PERSONS TRAINED IN CANADA THROUGH TECHNICAL Co-OPERATION SERVICE FROM 1950 TO 31 MARCH 1956, BY AGENCY FOR WHICH TRAINING WAS ARRANGED AND ARRIVALS AND DEPARTURES EACH YEAR

	Arrivals							Departures						Number in Canada as at 31 March 1956		
	1950	1951	1952	1953	1954	1955	1956	Total	1951	1952	1953	1954	1955		1956	Total
Colombo Plan.....	—	59	41	61	83	139	27	410	30	45	32	69	*87	27	290	120
United Nations.....	6	31	80	57	32	21	5	232	28	59	71	37	20	9	224	8
Unesco.....	—	—	15	14	5	6	3	43	—	6	15	13	6	1	40	3
FAO.....	—	—	2	6	*1	*9	2	20	—	2	6	*1	*8	—	17	3
ICAO.....	—	—	3	2	—	2	1	8	—	1	4	—	—	2	7	1
ILO.....	—	—	—	1	1	1	—	3	—	—	1	1	1	—	3	—
International Bank.....	—	—	—	—	—	—	—	1	—	—	—	—	—	—	1	—
ICA.....	—	—	—	2	6	23	2	33	—	—	2	6	*23	2	33	—
Total.....	6	90	141	143	*129	*201	40	750	58	113	131	*127	*145	41	615	135

* corrected figure.

TABLE 4

NUMBER OF EXPERTS RETAINED FOR SERVICE ABROAD UNDER THE COLOMBO PLAN
UP TO 31 MARCH 1956, BY COUNTRY

Country	Technical Experts			Total
	Assignments completed	Now Abroad	Proceeding Abroad	
Burma.....	1	1	—	2
Cambodia.....	3	1	—	4
Ceylon.....	14	16	1	31
India.....	1	5	1	7
Indonesia.....	1	3	—	4
Malaya.....	4	5	—	9
North Borneo.....	1	—	—	1
Pakistan.....	9	1	—	10
Two or more Countries.....	1	—	—	1
Total.....	35	32	2	69

TABLE 5

NUMBER OF CANADIAN EXPERTS SERVING ABROAD UNDER THE UNITED NATIONS AND SPECIALIZED AGENCIES
AS AT 31 MARCH 1956, BY COUNTRY AND AGENCY

Country	Total	UNTAA	UNESCO	FAO	WHO	ICAO
Afghanistan.....	1	—	—	—	1	—
Bolivia.....	2	1	—	—	1	—
British West Indies.....	1	—	—	1	—	—
Burma.....	3	—	1	1	1	—
Brazil.....	1	—	—	1	1	—
Cambodia.....	3	—	—	—	3	—
Ceylon.....	4	—	1	1	2	—
Chile.....	1	1	—	—	—	—
Colombia.....	2	1	—	1	—	—
Egypt.....	3	—	1	1	1	—
El Salvador.....	1	—	—	—	1	—
Ethiopia.....	3	—	—	1	1	1
Guatemala.....	1	—	—	1	—	—
India.....	9	2	—	2	5	—
Indonesia.....	2	—	1	—	1	—
Iran.....	8	—	—	3	5	—
Iraq.....	1	—	—	—	1	—
Jordan.....	2	—	1	—	1	—
Malaya.....	1	—	—	—	1	—
Mexico.....	2	—	1	—	1	—
North Borneo.....	2	—	—	—	2	—
Pakistan.....	4	—	—	—	4	—
Philippines.....	1	—	1	—	—	—
Sarawak.....	1	—	—	—	1	—
Syria.....	1	—	—	—	1	—
Taiwan.....	1	—	—	—	1	—
Thailand.....	3	1	1	—	1	—
Turkey.....	2	2	—	—	—	—
United Kingdom.....	1	1	—	—	—	—
Viet Nam.....	1	1	—	—	—	—
Yugoslavia.....	1	—	—	1	—	—
General Projects.....	4	—	—	1	3	—
	73	10	8	15	39	1

The Technical Co-operative Service has assisted in arranging some of the appointments summarized above, but many people have been recruited directly by the agencies concerned. The summary is substantially accurate but, since it is based on incomplete information, there are probably some experts now abroad who have not been included.

SUMMARY

The following shows the number of Canadian experts engaged on United Nations Technical Assistance projects during the calendar years 1952, 1953 and 1954:—

Year	UNTAA	UNESCO	FAO	WHO	ICAO	ILO	Total
(1) 1952.....	19	7	20	26	3	10	85
(2) 1953.....	16	7	24	24	3	4	78
(3) 1954.....	15	4	16	28	2	—	65

(1) Source: Technical Assistance Committee Fifth Report of the Technical Assistance Board, Sixteenth Session Supplement No. 10.

(2) Source: Technical Assistance Committee Sixth Report of the Technical Assistance Board, Eighteenth Session Supplement No. 4.

(3) Source: Technical Assistance Committee Seventh Report of the Technical Assistance Board, Twentieth Session Supplement No. 4.

Canada External Affairs, Standing Committee
May 1956

HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

THURSDAY, MAY 10, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF

EXTERNAL AFFAIRS

ITEM III—COLOMBO PLAN

Statement by Mr. R. G. Nik Cavell, Administrator, International Economic and Technical Co-operation Division, Department of Trade and Commerce.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.
and Messrs.

Arsenault	Garland	MacInnis
Balcer	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Bell	<i>Jean</i>)	Macnaughton
Breton	Goode	McMillan
Cannon	Hansell	Montgomery
Cardin	Henry	Patterson
Coldwell	Huffman	Pearkes
Crestohl	James	Richard (<i>Ottawa East</i>)
Decore	Jutras	Starr
*Diefenbaker	Knowles	Stick
Fleming	Lusby	Stuart (<i>Charlotte</i>)
	MacEachen	Studer—35.
	(Quorum 10)	

J. E. O'Connor,
Clerk of the Committee.

* Replaced on Wednesday, May 9, 1956 by Miss Aitken.

WEDNESDAY, May 9, 1956.

Ordered,—That the name of Miss Aitken be substituted for that of Mr. Diefenbaker on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, May 10, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Miss Aitken and Messrs. Boisvert, Breton, Cannon, Cardin, Crestohl, Fleming, Goode, Hansell, Henry, James, Jutras, Knowles, MacKenzie, McMillan, Nesbitt, Patterson, Pearkes, Richard (*Ottawa East*), Starr, Stick, and Studer.—(22)

In attendance: Messrs. R. G. Nik Cavell, Administrator of the International Economic and Technical Co-operation Division, Department of Trade and Commerce; R. W. Rosenthal, Assistant Administrator; F. E. Pratt, Chief, Capital Projects Section; D. W. Bartlett, Chief, Technical Co-operation Service.

The Chairman, after calling the meeting to order, suggested that Mr. Cavell make a further statement to the Committee embodying answers to certain questions raised at a previous Committee meeting held Thursday, May 3, 1956.

Mr. Cavell, during the course of his statement, dealt with the question of the purchase of equipment abroad and related such expenditures to the total expended by Canada under the Colombo Plan. He also referred to the provision to India of an NRX Atomic Reactor and tabled, for printing in the record of the Committee's proceedings, a statement of proposed allotments for the fiscal year 1956-57.

At the invitation of the Chairman, Members questioned Mr. Cavell regarding the operations of his Division in general, and the following topics in particular:

1. The availability of qualified technical personnel;
2. Requests for aid—South-East Asia;
3. The training in Canada of Asian technicians.

Item III—Colombo Plan—was approved.

The Committee adjourned at 12.40 p.m. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

THURSDAY, MAY 10, 1956.
11.00 a.m.

The CHAIRMAN: I see we have a quorum, so we will begin right away.

Mr. Cavell will make a new statement, and when it is over we might resume the questioning begun by Mr. Fleming at the end of the last meeting.

Mr. Nik Cavell, Administrator, International Economic and Technical Co-operation Division, Department of Trade and Commerce, called:

The WITNESS: Mr. Chairman and Gentlemen: At your last session there was a joint question by Mr. Macnaughton and Mr. Michener asking for a breakdown which would show how much of our capital aid under the Colombo Plan to the underdeveloped countries had been spent in Canada and how much in other countries.

The answer is that from the commencement of our operation to the present time, purchase orders for equipment and materials have amounted to approximately \$95 million. The only equipment purchased outside of Canada has been equipment not manufactured in Canada and that has been from the United Kingdom, \$2,695,439; from the United States, \$1,946,305; from other countries, \$87,000; that gives a total of \$4,728,744; which is an off-shore purchase of 4.9 per cent.

I would like to point out, Mr. Chairman, that this percentage is for things not made in Canada but nevertheless essential to the completion of a project. For instance, the cork for insulation in the refrigeration plant we are putting up in Ceylon does not grow in Canada; no one in Canada makes a diesel motor for driving buses and trucks which we needed for our Bombay State Transport Project, and they could not afford to operate gasoline vehicles. As you know, we do not operate them ourselves on public transport, and so we purchased the diesel motors in Great Britain. Also, for dams in hydro development construction, there are many pieces of heavy construction equipment which are not made in Canada.

There is one correction I would like to make, Mr. Chairman, if you will permit me to do so, in a reply I made to Mr. Michener during your last session. He asked me: "Is it possible to produce and supply the reactor we are voting for?" I replied that it was. He then asked me: "and the total expenditure would be \$7 million?" and I replied that it would. I should have qualified that reply. So far as Canada is concerned, the estimated cost of doing our part, that is, reproducing the part of the reactor which is being sent from Canada, will be \$7 million; but there is another \$7 million which has to be spent by India for the foundations for the reactor shell, buildings for the atomic centre and for carrying in water from the sea to cool the reactor, and such-like local expenditures. Actually, therefore, the total cost is \$14 million divided equally between Canada and India.

I must apologize, Mr. Chairman, for not having made that perfectly clear but I was thinking at the time only of the cost to Canada.

At the last meeting, Mr. Chairman, Mr. Fleming asked—I think he also mentioned Mr. Michener in this connection—for details of the proposed expenditure within the appropriation of \$34.4 million which we are going to have to spend this year if it is voted. I have that statement with me and it will be circulated and I would like now to table it, Mr. Chairman.

Statement in answer to question at hearing of the Standing Committee on External Affairs on May 3, 1956.

The question was a request for the details of the proposed expenditures of the \$34.4 million to be expended or appropriated for the fiscal year 1956-57:

The statement follows:

Unallocated balance, December 31/55	\$14,461,760
1956-57 Vote	34,400,000

Proposed Allotments:

Kundah Hydro—India	\$20,000,000
Canada-India Reactor	7,500,000
Warsak Hydro—Pakistan	9,200,000
Aerial Survey—Ceylon	450,000
“ “ Malaya	200,000
Technical Assistance	1,400,000

\$38,750,000

Funds available for programs yet to be
submitted by recipient countries .. 10,111,760

\$48,861,760

\$48,861,760

Mr. Fleming also asked for enough copies of the financial statements I tabled last time for each member to have a copy before him—I have brought these, Mr. Chairman, and with your permission, they can now be circulated.

Also, with your permission, Mr. Chairman, I would like to change the emphasis a little on what seems to have resulted from some of the questions I answered last week. I refer particularly to questions and answers on the matter of the availability of technicians in Canada.

Our difficulties are particularly in one or two highly specialized fields, one being the field of power engineering. As you know, organizations concerned with power engineering in this country are recruiting in Europe owing to the shortage here, and it is therefore only natural that we should have difficulty in obtaining specialists in that field. Our difficulties are in similarly specialized fields.

It is seldom, if ever, that we are looking for the recently graduated man in any field. What we mostly need are men who are not only qualified academically but who have had considerable experience. As I said when I was before you last week, we also have to take personality into consideration and make sure not only that the man is highly qualified in his field but that in the process of imparting his knowledge he can make friends and not enemies.

I would also, Mr. Chairman, like to put forward another aspect, which is that a capital project such as the building of an electrical generating plant, a cement plant, a fishing project, or what you will, also takes to the area a substantial number of technicians and specialists from this country who impart their skills in the performance of their ordinary professional duties, so that it is not only the specialized expert that we send out but also the men who go out on capital projects who help to educate in the technical field.

The CHAIRMAN: Is it the pleasure of the committee to have the document tabled today by Mr. Cavell printed in the minutes of this meeting?

By Mr. Fleming:

Q. Agreed. I suggest it go in with Mr. Cavell's statement; it will be much easier to read on the record.

At the conclusion of the meeting a week ago Mr. Cavell was reviewing the basis on which the estimate which appears in our book of estimates for the Colombo plan fund is prepared, and he indicated, in effect, that it is rather different from the way in which other estimates that we are accustomed to are prepared. This estimate which this year is \$34.4 million is not based upon specific allocations in advance; it is a general item; there are no details at the back of the book of estimates and the particular allocations to that fund are made with cabinet approval after parliament has approved the grant.

Now one of the statements that has just been circulated—the one on the single sheet—indicates that this year there will be available in the fund for allocation, when parliament votes the sum of \$34.4 million on item 111, an amount of \$34.4 million from that source and an unallocated balance from December 31, 1955 of \$14,461,760, indicating that there will be available a total of \$48,861,760 this year.

Now, under the heading "Proposed Allotments" there appear six items aggregating \$38,750,000. I take it, Mr. Cavell, that those funds are for specific projects which you have in view and which you are prepared to recommend?—A. Yes, that is what they are.

Q. There is one further item—"Funds Available for Programs yet to be Submitted by Recipient Countries—\$10,111,760." Just to come a little closer to the status of those projects, while you have had some preliminary government approval of the contributions toward the construction of the reactor plant in India—what is the status of the other projects appearing in the list of proposed allotments? Are they projects that have been commenced previously and on which there is no form of commitment or are they projects that you have studied sufficiently to be prepared to recommend them?—A. There are only four, Mr. Fleming and I think I can deal with them individually in answer to your question. The status of the Kundah Hydro Electric project is that we have cabinet approval for it and our consulting engineers have recently returned from India and have said that it is a very sound project, so we have now taken the two steps: cabinet approval, and engineering approval as to soundness. A delegation is arriving from India this month to work out the details—what we are going to do and what India is going to do. I might add that this \$20 million is a tentative figure. The project will not cost more, but it may cost less; we shall know after we have worked out the details as between the two countries. The project will now go ahead from there after we have had this meeting with the delegation from India.

With regard to the reactor, the same type of thing is going on. We know pretty well now what India is going to do and what Canada is going to do. We have appointed consulting engineers and we are about to appoint a contractor. Of course, the people who are really responsible for the technical details concerning this particular project are Atomic Energy of Canada because they are the only people who know anything about it. So far as the reactor is concerned, then, it is in the stage I have indicated.

The Warsak Hydro Electric project is well started. The consulting engineers have designed it, and our Canadian contractor is there on the site with over 100 men who are working on the scheme. The appropriation mentioned in the statement represents more money to go towards it, and the project is well on its way, though we think it will take another two years to complete. The aerial survey for Ceylon is started, and the sum shown is needed to carry it on. The Malayan survey is in process of negotiation; we estimate it will cost about \$200,000. Technical assistance at \$1,400,000 represents the technical assistance we hope will largely go to Burma, Indonesia, French Indo-China and Malaya; we are now receiving their requests and sifting them. If you remember, we were given last year an increase in our appropriation from \$25 million to \$26 million to cover technical assistance to those countries,

and the item covers such assistance for this year plus what we are already doing in India, Pakistan and Ceylon.

Q. These, as in other years, are projects selected from a larger group?—A. That is correct.

Q. Where does the initiative come from—the government of the local country or the Canadian government?—A. The government of the local country.

Q. They propose, and then the Canadian administrator reviews, selects and recommends to the cabinet of this country?—A. That is correct after review by the policy committee except I would like to add that these countries have five and six year plans and we work within those plans; all the aid agencies work within those plans—if they did not the aid programme would get out of hand and there would be no planning of development.

Q. But the allocation of priorities rests with the local country? The Canadian administrator does not attempt to revise any list of priorities submitted by the government of the local country?—A. That is correct.

Q. But you might have a question of priority between different countries?—A. Yes, that is true.

Q. But within the country the priority selection rests with the government of the country concerned?—A. That is correct.

Q. Obviously these particular projects have been selected from a larger group?—A. That is also correct.

Q. Can you tell us about some of the other projects which have been submitted to you which have not found their way onto the list of these approved projects? Would you tell us something about them, and the necessity or urgency of them, and give us some general idea what they are? Let me put it in this way: if you had at the present time a larger appropriation, what is the sort of project you could enter upon that you are not able to enter upon today within the limits of the proposed appropriation?

Mr. GOODE: Mr. Chairman, before Mr. Cavell answers that, I wonder if we are not getting, again, into the field of policy? Is not this a decision for the cabinet to make rather than for Mr. Cavell?

Mr. FLEMING: Of course it is perfectly clear that the ultimate decisions rest with the cabinet. I am asking a question of fact for information which I think this committee would like to have, namely with regard to other projects that have been submitted by the governments of the various local countries concerned which have not yet found their way on to the list of so-called proposed allotments.

By Mr. Goode:

Q. I can understand why Mr. Fleming would ask the question but I just wonder whether this comes within Mr. Cavell's authority or whether this process of "sifting down" is not really a matter for the cabinet. Mr. Cavell might not want to answer that: is it within his authority to decide which project we spend money on, or is it a cabinet decision?—A. I would like to make it clear that I do not make these decisions. I recommend to the policy committee and then the matter goes to the cabinet. But I think I can answer Mr. Fleming's question quite well without getting into the realm of policy.

By Mr. Fleming:

Q. I would point out that I have not asked Mr. Cavell to disclose any communication that he may have made to the cabinet. I simply asked him to tell us, as a matter of fact, what are the other projects that have been submitted by the various countries which are members of the Colombo plan.—A. I think I see clearly what you want to know, Mr. Fleming.

One project we were asked for, for instance, was a fertilizer plant for India. This would have cost roughly \$20 million and in Canada we do not make fertilizer plants—most of our fertilizer plants are built for us by other countries, some in Europe and some in the United States. So this would have been, first of all, a project in which Canada could not claim any expertise at all and secondly it would have been a project for which the off-shore purchasing would have been very large indeed; the engineering would have been American or European, not Canadian; it would, in short, not have been a Canadian project and so we turned it down.

By Mr. Goode:

Q. Who turned it down? Does your committee have the authority finally to turn down a proposition of that kind, or does the Canadian cabinet?—A. It does not get to the cabinet; we only put to the cabinet those projects which we recommend. We sort them out before they go to the cabinet.

There was a project—Karnafuli Hydro Electric development in Pakistan—which we did not like the look of. We did not like the way it was then designed, and we just did not like it in general, so we turned it down for those reasons. It would have been very expensive. It has now been redesigned by the United States which has spent quite a lot of money on having it redesigned and put on a sounder basis. The United States is going to help finance it. We turned that project down because after having it examined by consulting engineers we came to the conclusion that at that time it was not a sound project for Canada to enter into.

By Mr. Goode:

Q. Then it is quite possible, Mr. Chairman, for projects to be asked for—for many projects to be asked for by countries in the Colombo plan and yet the cabinet would not know of those requests at all? A decision might be made by this committee and, as Mr. Cavell has told me, the cabinet might never hear of those requests.—A. That is quite so sir.

Mr. FLEMING: I do not think Mr. Cavell completed his list—

The WITNESS: You must remember that our committee reports to its minister indirectly.

By Mr. Goode:

Q. Now that you have made that answer Mr. Cavell—I am only looking for information, because you are the expert and I am not—is it possible that in this sum of \$34,400,000 the cabinet has now obligated itself, or obligated the parliament of Canada to an amount that will fully cover any recommendations you have made to the cabinet? Have you made any decisions in the affirmative, offered them to the cabinet, and found that the cabinet has refused to go along with those recommendations?—A. I think, to the best of my recollection, that that has never happened.

Q. Then you would consider that this \$34,400,000 is the full obligation on the part of the cabinet in regard to the recommendations made to it? That is all the cabinet has been asked for in this year 1956?—A. That is so, we make recommendations only to the amount available.

By Mr. Goode:

Q. But the cabinet have obligated themselves to an amount of money equivalent to the subject of your requests; they have completely obligated themselves to a financial amount that meets your entire requests.—A. That is quite true but I must add to that that requests are made within the amount of money available.

By Mr. Fleming:

Q. Who determines that? Does the government start by naming the amount to be spent and allowing you to work out what are the highest priorities within that figure, or does it work the other way round? Do you put up a list of priorities for them to approve?—A. What happens is this: the government puts up a sum of money and we work within that sum. We put up propositions—or the policy committee recommends propositions—which come within that sum.

By Mr. Goode:

Q. I must follow up the question I asked at the last meeting. I said then—and I thought that was the opinion of the committee—that it was difficult to imagine that the government would reach into the air and say: “We are going to allocate the amount of \$34,400,000.” I still have a suspicion, rightly or wrongly, that that figure is based on some suggestions by your committee. Surely the Canadian cabinet does not say to the parliament of Canada: “We are asking for \$34,400,000” and base it on absolutely nothing.

Mr. KNOWLES: Is Mr. Goode a member of the treasury board?

Mr. GOODE: I would like to be.

Mr. KNOWLES: Why?

Mr. GOODE: So that I could get something for my riding.

The WITNESS: Mr. Goode, I think that is exactly what the cabinet or the government does do. They started out, as I said last week, by allotting the sum of \$25,400,000 to the Colombo plan, and when I first came to Ottawa to undertake this job I was told that was the sum I had to spend that year and we spent that sum and no more. The following year the amount was again \$25,400,000, if I remember rightly, and again we spent within that sum. Then we had requests for technical assistance to the new countries who were coming into the Colombo plan—Burma, Malaya, Indonesia, Indo-China—they had not reached the stage—and some have not reached it yet—of requesting large scale capital projects. They wanted technical assistance—people to advise them—and to take care of the extra cost our vote of \$25,400,000, was increased by another million dollars.

By Mr. Stick:

Q. Can you tell whether you are aware of the basis on which the figures are established? Do they form part of a world-wide sum set up in conjunction with other countries, with Canada taking a certain percentage of it?—A. No sir, that is not the way it is done. If you think back to the initial meeting of the Colombo plan, you will remember that the originating committee—you might call it that—met in Colombo in 1950. The countries represented there arranged among themselves a rough basis of financing and when Mr. Pearson returned to Canada parliament allotted him \$25 million for the purpose of carrying out this plan. This became, more or less, our standard amount. Then, as I have just said, that figure was increased owing to the fact that certain other countries were admitted to the plan and needed some technical assistance. The sum was therefore raised to \$26,400,000.

Q. Did that follow a pattern of increases by other countries?—A. There have been increases made by other countries but not to a set pattern.

Now we come to this year when it was decided that we should give a reactor to India, and it was thought that this reactor would cost Canada about \$7 million. On this occasion we did put this project forward and the cabinet agreed to raise the sum to \$34 million in accordance with the statement which has been circulated.

By Mr. Fleming:

Q. When this project was launched it was a venture into a new field. What was done was to take the round figure of \$25 million, say, which was used for the first several years of the plan; then a year ago \$1 million was added for a particular purpose, namely technical assistance, and this year \$8 million was added for another particular purpose. The \$25 million has remained as a sort of basic round figure for general allotment purposes. Isn't that about it?—A. That is about what happened. To sum it all up, this annual amount to be asked of parliament is not something decided in my office; it is something decided outside my office and really it has nothing to do with me at all. Eventually I am told we have so much money to spend.

Q. It is a cabinet decision in the first instance?—A. A cabinet decision based on certain information which is put before the government. But it is not put before the cabinet by my office.

By Mr. Goode:

Q. I have one other question and I am through: do you know of any recommendation of any project made by your committee through the cabinet which has been refused by the cabinet?—A. No sir, I do not think there has ever been a case where the cabinet has refused a project we have put before it.

By Mr. Studer:

Q. I think you mentioned that the Colombo plan countries make application every year with regard to the various projects they wish to be initiated, and you referred to a fertilizer plant involving a cost of some \$20 million. It seems to me strange that any country knowing the situation Canada is in would make such an appeal as that. Why would that country not make its appeal to one of the other contributing countries who are in a better position to supply this kind of assistance? You mentioned that with regard to a plant of this kind we would have to make too many purchases outside our own country. Why would any receiving country appeal to Canada to supply that particular service?—A. I think the answer is that they were not aware of what we can and what we cannot do; they do not know enough about our economy, and I think they are just not aware of the factors you have mentioned.

Q. I imagine that after this appeal was denied the country concerned made application to one of the other countries which could fulfil it.—A. That is exactly what happened.

By Mr. Pearkes:

Q. How did the request originate for this reactor?—A. For a long time there has been talk in Southeast Asia about the future of their power supplies. They have a few Hydro electric sites which they could develop but those sites are not all in right places—some are away off in areas which they would never want to develop. Some of these countries are short of coal and some are short of both coal and oil, with the result that they have been extremely interested in the development of atomic power because atomic power seems to be the answer to many of their power problems. For two or three years they have discussed this question with me on my annual visits; they have pointed out that they are going to be short of power when they become more developed and they have asked questions as to the status of atomic power—whether the practical stage of its application is near, or remote, and so on. On my return to Canada I have talked this over with individuals of the policy committee and, gradually, the idea has grown that those countries could best solve their power problems through the medium of atomic power. When we discussed all this with Atomic Energy of Canada, who are the experts in this country,

they told us: you cannot suddenly jump into atomic power; it is an extremely difficult technical field of scientific engineering and you have—to use a slang phrase—to get your feet wet in it very gradually. That is what we have done in Canada through the reactor. As I understand it—and I hasten to point out that I am not a scientist and I do not understand it very well—you have to get into this field very slowly; you have to play with this reactor, make your mistakes, as we have done in Chalk River, and so gradually, you reach a point where you have a band of experienced scientists able to move into the much more difficult field of atomic power on a practical scale.

Fortunately, India has in Dr. Bhabha one of the best atomic scientists in the world and around him has naturally grown up a band of talented atomic researchers such as no other country in Southeast Asia possesses. Therefore it seemed that India was the logical country in which to put a reactor, so that they could “play around” with it, experiment, and gradually lead into the more difficult field of the science of atomic power. This is something which has been talked about for a long time and finally the conclusion was reached that a useful thing to do would be to put a copy of our Chalk River reactor into India where it could be taken care of by Dr. Bhabha and his co-scientists.

Q. So you made a recommendation to the cabinet that if you had so much more money you could give them a reactor? Was that the process?—A. Yes, I think that would be roughly what happened. The whole policy committee became aware of this necessity. It was discussed at cabinet level and the gift of the reactor evolved.

By Mr. Goode:

Q. Mr. Cavell mentions this policy committee. Would it be a fair question to ask who are the personnel who serve on this committee? Do you want to answer that question?—A. Oh yes.

Q. I wonder if you would put the information on the record?—A. Do you wish to have the names of the officials?

Q. I would like them for the record. I do not think there is anything wrong with asking that question.—A. I will supply information in the record.

The following is the information subsequently supplied by Mr. Cavell as to the composition of the policy committee which deals with capital aid under the Colombo Plan:

Head of the Economic Division, Department of External Affairs
 Director, Trade Commissioner Service, Department of Trade and Commerce
 Comptroller-Secretary, Department of Trade and Commerce
 Deputy Governor, Bank of Canada
 Assistant Deputy Minister of Finance
 Administrator of the International Economic and Technical Co-operation Division, Department of Trade and Commerce.

By Mr. Knowles:

Q. I would like to ask one question following up a question and answer between Mr. Goode and Mr. Cavell. I understood Mr. Cavell to say that no requests which he or the policy committee had made to the cabinet had been rejected as far as he recalled. Would it be correct to say that apart from whatever procedure was followed with respect to the atomic reactor you have not at any time asked the cabinet for expenditures for amounts for items that would go beyond the amount voted by parliament?—A. No sir, we have not so asked. Always our requests to the cabinet have been within the amount parliament has allotted for the Colombo plan in that given year.

Q. So it does not necessarily follow from your answer to Mr. Goode's question that you could not use more money if the government were to decide

to appropriate more money for this purpose?—A. No sir, I think I could use it within reason and within the limits I stated last week, that is, the availability of technicians and the availability in Canada of all that goes into any given project—steel and other supplies of that nature, all of which have to be taken into consideration.

Mr. GOODE: I think that should be cleared up—

Mr. FLEMING: Mr. Cavell has not completed the answer to an earlier question of mine on this point. He named two projects and indicated that they had not been considered suitable for Canada to embark on, but I think he had not completed his answer, which related to the list of projects submitted by the various countries to Canada for consideration.

By Mr. Goode:

Q. May I put another question? You have qualified your answer to Mr. Knowles by saying that because of the lack of technicians—of which this committee is aware—there must be other reasons why you would not put in more requests. Have there been requests, where technicians are available, with regard to which you have considered asking the cabinet for more money?—A. I think I have answered that question, have I not, by saying that I work within the amount of money which parliament allots to me or to the policy committee—it is the same thing. We do not put up projects beyond the amount of money we have.

Mr. KNOWLES: You leave it to the government to decide the amount of money which is available.

By Mr. Goode:

Q. I want to ask another question on that, because that is not the impression I got earlier on. If there is one specific project which you have in mind and which you want to undertake now, I would like you to name it and tell us that the technicians are available for it. Naturally you would not make application to the cabinet unless you had the technicians available. Are the personnel available for it, and would you be able to enter the project?—A. I think the answer to that question is that at the moment there is no project which I or the policy committee is considering which we cannot man by technicians available in this country.

Q. So, actually, the answer you gave me in the first place was quite correct, so may I say to Mr. Knowles exactly what he said to me last week—that he was twisting your words around. That is what he accused me of. You gave me a straight answer in the first instance.

Mr. KNOWLES: I think Mr. Goode is the one who is doing the twisting. Mr. Cavell is making it perfectly clear that he operates within the amount of money provided by parliament. He has now made it clear that there are some other projects for which the technicians are available but he is not applying for money for those projects because parliament has not appropriated sufficient funds.

Mr. CRESTOHL: The witness has just said that there are no additional projects which he can name.

Mr. KNOWLES: You are joining the twisting, too. He said he had no project in mind for which technicians are not available.

Mr. GOODE: I must clear this point up. Mr. Cavell answered you straightly. He said he knew of no project, where the technicians were available, that he could recommend to the cabinet.

Mr. KNOWLES: He said there was no project which he had in mind for which technicians are not available.

Mr. GOODE: I will repeat the question, and we can get the answer again. Is there a project known to the policy committee, with regard to which technicians are available and which he is willing to recommend now to the cabinet, but the cabinet has not allotted the money for it?

Mr. FLEMING: If I may appear at this point in my characteristic rule of peacemaker... If you would let Mr. Cavell supply the answer to the question I asked at least half an hour ago we would find out these projects that have been submitted by the various countries and we would be able to ask Mr. Cavell specifically if he is prepared to go forward with any of these projects if the money were made available? Surely that is the way to clear up this misunderstanding which has developed.

The CHAIRMAN: I think you are right, Mr. Fleming. I think, also, that Mr. Cavell began to answer your questions, and he mentioned two projects—

Mr. FLEMING: He got as far as the second in the list. If we could have the rest the answer would be specific.—A. Are we talking about this list or the list of projects?

Q. The list of projects which had been submitted in the form of requests by various countries. You mentioned the fertilizer plant in India and the hydro plant in Pakistan and you indicated that in the first case it was not a suitable project for Canada to undertake, and in the second case that there had been some question about the soundness for it and that the Americans had come in and taken that one under their wing. But to proceed with the list, this is a list of projects for countries in south-east Asia which they submitted to you for aid?—A. Take Kundah, which is on the list before you. At that time we were offered three hydro electric projects. I suppose those three will eventually be done by someone. We selected Kundah because it was the one which we liked best, and that is the one which our consulting engineers recommended to us. We selected Kundah as one of the three.

Q. And there are two others on the list?—A. No. We wiped them off the list.

Q. I mean on the Indian list.—A. On the Indian list, but we do not know whether they are sound projects or not because we have not examined them. Our money would not stretch to those, so we cut them off.

Q. Those are projects for which, if you had the money, you would then have studied in order to determine their soundness?—A. If we had more money.

Q. Yes.—A. Sir, I would like to say that there is no limit to the amount of money which we could spend if we took on everything which those countries wanted done.

Q. But I take it that it is the duty of parliament and of the cabinet to say how much money we are going to spend on the Colombo plan.—A. Quite, and I think this gives recognition of the fact that it is not our responsibility in that respect.

Q. But coming back to the matter of the list; there are evidently two other hydro projects on the list of the Indian Government which the Canadian administration has not been able to study because they did not have enough funds to cover it; but if they had enough funds to cover them, these are the projects which would be examined with a view to determining their soundness?—A. That possibly is true.

By Mr. Richard (Ottawa East):

Q. Is it true that even if the money was available that Canada would undertake all the hydro electric projects and not, it may be, go into another project? There are other countries in the Colombo plan and that does not mean that if you had more money you would necessarily have gone into more hydro electric projects?—A. No, it does not mean that at all.

By Mr. Fleming:

Q. We had better get the other projects so that we may have a full answer. May we go on with some of those projects which were submitted by various countries?—A. To answer your question I would have to go back to those trips which I make around the area every year. I visit the provinces and after I visit the provinces I visit the central government; and I suppose that in the course of those trips I get anything up to twenty projects put before me by the provincial governments, and sometimes by the municipalities. They come to see me and they describe these projects. I then go to the capital of the country, whatever it is, and discuss those projects with their planning committee. In the meantime our High Commissioners write in as well about various projects. This is a continuing process. The projects are being thrown at us the whole time. The countries of south-east Asia know roughly the amount of money which the Canadian parliament has been in the habit of allotting to the Colombo plan; so when I sit down with the planning committee and with the various officers of these countries we eliminate a lot of these projects as not being within the amount available. We just eliminate them and so they do not get to Canada at all. We eliminate them out there. Moreover, in some cases they are not suitable for Canada, and in some cases they would require more money than we would have available. So that when I come back I more or less have project plans which our policy committee can discuss. Therefore it would be very difficult for me to cast my mind back and give details of projects I have discussed but which I have not brought back to Canada.

Q. I shall not press it. But it could be summarized in this way in all fairness: that there are lots of projects, no doubt many of them useful, which could be undertaken if the money were available for the purpose in every case. They would have to be reviewed and approved at the various stages and within the limitations of the finances contributed by parliament and their suitability determined from the point of view of a Canadian undertaking, and a selection made on the basis of priority among various competing projects in the different countries. Is that a fair summary?—A. That is, I think, a fair summary.

By Mr. James:

Q. Wouldn't there be another basic factor involved in the country concerned, in that they also have to make a contribution, so they would allot their own priority having regard to their ability to undertake it?—A. That is also true.

By Mr. McMillan:

Q. May I ask if there is not a certain limitation on the project proceeded with because of the limitations of the recipient country?—A. That is quite true. We must remember that every time we inaugurate a project there is inevitably a certain amount of expenditure involved for the country concerned.

By Mr. James:

Q. But undoubtedly there would be a great many projects in all these countries in the future as all the circumstances come together to make it advisable, and the finances available?—A. That is correct.

By Mr. Stick:

Q. That list you are talking about was submitted to the other countries in the commonwealth plan?—A. Yes, I think these lists are talked over with a number of people and are discussed with the Americans, or sometimes

with Australia, or New Zealand, or Great Britain, or possibly with the International Bank. Some of these projects are very widely discussed.

Q. There is a liaison between Canada and the other countries, and when they get these lists of other projects which they request, there is a liaison between you and other countries as to which ones Canada will do and which ones the other countries will do, so that there is no duplication?—A. I think I covered that in my original statement last week when I said that there was very careful co-ordination with the other agencies all the time.

Q. Take the case of India. You said you received requests from provincial governments and from municipalities. Is there not a central authority in India to which all such requests as this, coming from the municipalities and so on, could go? Is there not a central organization there to which requests could come in, instead of your having to deal with municipalities and provincial governments?—A. There is of course the central government which has an aid committee and a planning board.

Q. I do not like the idea of your having to go around and be asked for these things by some municipality such as Bombay, Madras, or Cawnpore. You get those requests, but shouldn't you deal with the central government instead of municipalities?—A. We do of course deal with the central government officially, but when I am going around, as I have to, to see projects in progress or to examine new ones suggested. I might say that it is only natural that these provincial people meeting me and knowing what I am there for should say "What about undertaking this or that project for us?" My answer is always: "I am going back to your capital and when I get there I shall discuss it with the officials there, and it is the central government officials who will decide."

Q. Exactly.

By Mr. Pearkes:

Q. What were the main factors which influenced you to change your general policy and turn towards this project for which you did not have sufficient money, in connection with the reactor? When you apparently changed your policy you went to the government and said: "If you can give us more money we can then give you a reactor." You could have gone to the government and said: "If you can pay more money we can build more hydro plants." How did you summon up courage enough to go to the government over this reactor business?—A. That was not, as I tried to indicate just now, a personal decision on my part. As I tried to point out there has been what I might call growing concern about the fact that there was no reactor in south-east Asia for these people to play and experiment with. As you know, India has agreed that she will train people from all over the area on this reactor. It was not so much a change of mind or of policy but of a growing concern in the policy committee and I believe also with some members of the cabinet, that there was no reactor in south-east Asia with which the scientists could experiment. It was not a case of my pointing to the fact that there was no reactor, and going to the government about it, it was something which gradually developed.

Q. Were some representations not made by the government of India to the government of Canada? Would you know that?—A. There might have been discussion between the two governments at cabinet level. I do not know what goes on between governments in cabinet.

By Mr. James:

Q. There is some objection to your use of the words "play with" in connection with a \$7 million reactor. Possibly different words might be better.—A. Quite, I am sorry. "Experiment" would be better.

Mr. GOODE: You do not think we could sell India a pipe line, do you?

By Mr. Nesbitt:

Q. I have a number of questions on a somewhat similar line of questioning. Could you say what works have been done in Pakistan with regard to irrigation projects over the last five years, or have there been any irrigation projects?—A. Warsak hydro in Pakistan, which we are now building is both an irrigation as well as a hydro project; and the Ganges-Kobadak power plant in East Pakistan will be devoted to agricultural pumping, or almost entirely devoted thereto. The Shadiwal project in the Punjab will very largely be used for agricultural pumping to clean up the soil which has become contaminated by salt. Those are the major ones.

Q. Are those projects which you mentioned ones that Canada is taking part in exclusively, or is she taking part in them along with other countries?—A. Our projects are all exclusively ours. We have no projects at the moment which are joint projects with anyone else. There has only been one ever, and that was an agricultural farm for refugees in Pakistan, and in that case we co-operated with Australia and New Zealand.

Q. Are there any other countries under the plan which are put in charge of any of these irrigation projects in Pakistan that you know of?—A. Australia and the United States.

Q. Could you give us any comparative sums or comparative sizes of the plans which Canada has undertaken as a measured proportion of those works, or to what proportion would the other countries be participating?—A. You mean in Pakistan?

Q. Yes, just in Pakistan.—A. Of course, the United States' contribution to Pakistan is very much greater than ours.

Q. You mean just for irrigation projects?—A. Just in irrigation. At the Ganges-Kobadak project we supply only the power plant which will cost us two million dollars. The United States is supplying the large pumps and other equipment which will cost considerably more money—I do not know how much exactly—but considerably more money.

Q. Could you give us any estimate of the number of acres, in round figures, of land which will be irrigated and available for growing wheat? As I understand it, these projects are ultimately intended for that purpose in west Pakistan?—A. That would be a major study and I could not give you any idea.

Q. You would not venture to say one million acres or one-half million acres, as an estimate?—A. No, I would not like to make a guess at it. It would be a very major study to determine the acreage.

Q. What number of people from west Pakistan or from east Pakistan too, for that matter, have been in Canada or in other countries studying irrigation in the last three or four years?—A. I think that in the statement which I tabled you will find a complete report.

Q. What number of people from Pakistan have been in Canada studying various projects? There are students who have been either at the universities or studying agriculture or something of that nature. No doubt some of those students who were here would be studying farm machinery but at the same time they might be studying irrigation projects. In the list under your plan would they be listed separately? In other words would the students listed here for the purpose of studying agricultural machinery or something of that nature also be listed if they were studying irrigation projects during part of their stay in Canada?—A. I think the specific answer is that they would be listed under the general heading of agriculture; but I would point out that we do not take very many people in irrigation because we are not an irrigation country. We have very few places in Canada where irrigation can be studied.

Q. Southern Alberta would be one, would it not?—A. That would be very small compared with what goes on in India and Pakistan.

Mr. KNOWLES: It has been studied in Saskatchewan for a very long time.

The CHAIRMAN: Is that all?

The WITNESS: The whole of Pakistan is absolutely dependent upon irrigation. Therefore they have a far wider and more comprehensive scheme of agricultural irrigation than we have in this country, and they know as much or more about it than we do. Therefore we do not ask agricultural students to come here to study irrigation because they have been at it for centuries.

Mr. KNOWLES: Maybe this is one of the areas where the Colombo Plan may be used to our benefit! Possibly we may send some Canadians to Pakistan to learn about irrigation.

By Mr. Crestohl:

Q. On this list you have "unallocated balance, December 31, 1955" with a figure of some \$14,461,760.—A. Yes sir.

Q. Does that mean unallocated balances for different projects, or does it mean allocated but not yet available for spending?—A. That means that it is available for new projects.

Q. If, at December 31, 1955 you had available \$14 million odd for new projects, could you not have used that money in regard to the \$8 million reactor which you proposed without having to come to cabinet to ask for an additional \$8 million?—A. No, because part of that \$14 million odd is in the Kundah hydro electric project shown on the statement.

Q. That is why I asked the question. So part of that \$14 million odd was already allocated for spending but not yet spent?—A. It was tentatively allocated but not yet spent.

Q. Tentatively allocated but not yet spent?—A. That is correct.

By Mr. McMillan:

Q. Does any of the money in the Colombo Plan find its way into channels for medical purposes?—A. Yes sir.

Q. I am thinking of malaria infected swamps being drained; swamps where mosquitos breed and they have trouble with malaria.—A. We have not given any money specifically to these countries for malaria prevention but we have spent money for training doctors and having here in Canada medical men who studied in our hospitals; and we have spent quite a fair sum in this way. I have not got in my head just how much, but we have spent money on medical science in general and on the training of nurses and doctors.

Q. Is that done apart from the World Health Organization?—A. Yes sir, that is done apart from the World Health Organization. We have had 81 trainees—my colleague here reminds me—in the medical health services in general.

Q. Do they get special training apart from actual formal medical training? Do they get special training in the diseases of India or whatever the recipient country to which they are returning?—A. No sir. We are not specially qualified in Canada in tropical medicine but what these visiting medical men and women do get is the best post graduate training available.

Q. In London?—A. No, in Canada. They get the best post graduate training this country can give in our hospitals.

By Mr. Goode:

Q. Mr. Cavell said this morning that the committee had sent over one contractor and 100 men on one specific project. What project was that?—A. That was at Warsak.

Q. How do you locate a contractor for that type of work? Is it done on a strictly tender basis, or do you just pick one man out and send him over to spend the money.—A. This is the first time we have had to send a contractor

abroad to do such a job. Usually we supply only the consulting engineer, and you choose a consulting engineer in the same way that you would choose a doctor. But when it came to sending out a contractor we had to send out one who, first of all, had the experience and, secondly, was available and was also a 100 per cent Canadian contractor. We eliminated all those who were not genuine Canadian contractors, and then from the balance selected one who was not already engaged with other government work and who had the necessary experience of the type of large scale project in which we were engaged.

Q. On those projects, for instance,—I suppose it would not apply to the reactor because that is a specialized job; but on some of those projects which you are undertaking, for instance, in regard to the building of a dam, what do we do? Do we call for tenders on the job either in the country where we are going to spend from \$5 million to \$7 million, or do we just select somebody and let him go ahead with it?—A. This Warsak project is the only one where we have a Canadian civil contractor working. Otherwise we employ only consulting engineers. Usually we supply only the design of the project and the generating equipment to be made in Canada. As I said, you do not choose a consulting engineer on a tender basis; you choose him because he is the right man for the job just as you choose your doctor. So we select a certain consulting engineer, who designs the project and draws up the specifications for the generating equipment, the tenders are then put out by the Canadian Commercial Corporation. This is done on a strict tender basis and on this kind of work we use existing government organizations such for instance, the Defence Construction Organization or in some cases Defence Production and they give us their advice concerning the companies who should be invited to tender, and so forth.

Q. What about the work which is done in India?—A. That is usually the concern of India, we do not pay for it.

Q. What about it at the other end of the line? Suppose you are building a dam and it runs into three or four million dollars, as it does quite frequently. What do we do about that in India? How do we protect our investment in that amount? Is there any obligation for the home country to call for tenders?—A. No sir. We have no part of that at all, with the one exception of Warsak. We have contributed only the generating and such like equipment, and as I indicated just now, the services of a consulting engineer. The actual building of a dam to the designs of our consulting engineers in most cases is done by the recipient country. They do it their own way. We have nothing to do with the expense, selection of the contractor or anything else. They do that in the way in which they are accustomed to doing it.

I would like to say one word as to why Warsak differs in this respect. When we started our Warsak operation it was the intention that we should carry that out in exactly the same way, that is we were to supply a consulting engineer and the electric generating equipment on the same basis as in other cases; but owing to the difficult period which Pakistan went through about that time, she found herself too short of foreign currency to be able to pay an international contractor and she had no contractor in her own country big enough or experienced enough to build the Warsak dam. So she asked us if, in addition to the consulting engineer and the supply of electrical equipment, we would also supply a contractor. We said we would supply the contractor provided he was a Canadian contractor.

Q. Where does the contractor come from?—A. From Montreal.

Q. Do not forget that we have contractors in British Columbia.

The CHAIRMAN: We have contractors everywhere in Canada.

The WITNESS: We have one contractor from British Columbia working in Ceylon at the present time.

Mr. STICK: That is one too many.

By Mr. Knowles:

Q. I would like to pursue, for a moment, the questions asked by Dr. McMillan. Is it not true, Mr. Cavell, that in addition to money that is spent training medical people from Colombo plan countries that we have given certain equipment such as, I believe, a cobalt bomb to Burma.—A. That is correct. A cobalt bomb is now in process of being built for Burma and in addition to that we shall supply, initially, the technicians to show them how to run it.

Q. In that connection, Mr. Chairman, I think I might say something by way of supplement to something which I said last year or the year before in respect to this matter. I indicated at a previous session of this committee that Dr. MacCharles of Winnipeg was most anxious that provision be made for a cobalt bomb for Burma and he so recommended to the government as a result of having been out there on a survey. The supplement is to say that Dr. MacCharles indicated to me some time ago his pleasure that the decision had been made to supply this equipment. He also indicated to me that he had been able to persuade one or two medical students in Winnipeg that if they would go out to these countries they could get, within two or three years, far more experience, especially in the field of surgery, than they would get at home in ten or fifteen years.—A. I would like to say at this point that Dr. MacCharles has been very helpful in assisting us in organizing this cobalt bomb project.

Q. Montreal may have their contractors and so may Vancouver, but in Winnipeg we have some very eminent doctors.

By Miss Aitken:

Q. I would like to ask about the Canadian contractor who went out and I believe you said 100 men. Were they sent out by Canada also?—A. Yes. They are all Canadians and some of them have taken their families too and there is at the present time a colony of Canadians just outside Peshawar, between Pakistan and Afghanistan.

Q. That is a costly part of the project?—A. Yes, a very costly part of it.

By Mr. Hansell:

Q. To get back to the atomic reactor, how far has that progressed?—A. It is only just beginning, sir. It has progressed to the point where we have had meetings with the Indians as to exactly what they are going to do and what we are going to do, and that has been drawn into an agreement between us; that agreement has been ratified by both of us. We are now negotiating with the contractor and the consulting engineer and pulling all the details together in accordance with the over-all agreement that has been made.

Q. I understand it is on the same pattern or model as the one at Chalk River?—A. It is an exact copy of the Chalk River reactor.

Q. Are we going forward with that one with the same security regulations which exist at Chalk River?—A. I believe so, sir. That of course will be a matter for India and Dr. Bhabha to decide. They have already their own security regulations with respect to their existing atomic centre at Bombay. They already have an atomic centre at Bombay over which Dr. Bhabha presides.

Q. I am interested in the security feature there. The security in India may not be as exacting as it is here.—A. I do not profess to be very knowledg-

able about atomic science, but I believe there is not much about that reactor which is secret. I think the whole world knows what is in that particular reactor.

Mr. FLEMING: International conferences have been discussing that for many years.

The WITNESS: Yes.

By Mr. Nesbitt:

Q. On the irrigation matter which I asked about earlier, is this land in west Pakistan which is being irrigated by the various projects desert land?—A. Some of it is. In the Thal area where they hope to settle a very large number of refugees it is sandy land. It is amazing what can be done there by irrigating that type of land. In the Lahore area where the Shadiwal project is being done, land has been irrigated to the point where the water table has been raised, and with the raising of the water table certain salts have come up into the soil and they now have to be washed out again. There is a large area there going out of cultivation.

Q. Temporarily?—A. Yes. We hope so. The pumping that is necessary is not possible until our Shadiwal powerplant is ready.

Q. In that respect, is this land, which has now become available for use as a result of irrigation projects, being farm in the small householder method employed by many in the east or will it be done on a large scale as in Canada or elsewhere by the use of farm machinery; or will it be done by primitive hand labour?—A. Projects are being developed rather more on a collective basis. Farm machinery has been put in to a large extent already and these farms are much larger than the usual type of peasant farm in southeast Asia.

Q. How large a farm would that be?—A. I think, if I remember rightly, that some of them go up to something around 100 acres.

Q. And they are using and they intend to further use farm machinery rather than the more primitive methods?—A. In some areas they do, and I think that is true in most of the larger development areas. The Gal Oya area in Ceylon is an area in which it will be possible to use more farm machinery than has been used in general agriculture in this area.

Q. Where does the farm machinery come from?—A. As far as the Thal Gal Oya areas are concerned in Pakistan and Ceylon quite a lot of it has been bought in Canada.

By Mr. Fleming:

Q. I take it with now four years of operation of the plan that there is a constant increase in efficiency in the handling of all the arrangements that enter into the various stages of the projects in the plan? I am speaking now of the international discussions, the development of projects, the selection of them, and things done in carrying out the project by purchase in this country.—A. Yes, Mr. Fleming, that is correct. What has happened is that, from having had no pattern at all at the beginning, a pattern has gradually evolved, both in Canada and in the recipient countries; they too have set up departments now to deal with us. When we started they had no one to deal with us. They have now all set up some kind of an organization to deal with us and the other aid agencies. A pattern has evolved and it is a very much better situation than when we began.

Q. Sometimes when we get into these interesting subjects like Colombo plan aid we forget that we are dealing with matters of estimates, which brings me to ask about your own staff and the provisions for it. We have under item 434 an item of \$190,116, in a different department, to provide for staff. Last year, as I remember it, you were in the throes of trying to obtain two

needed additional administrative assistants. Would you make some comment to the committee now as to how well you are provided with administrative assistants whom you need for your own staff?—A. There is an advertisement out at the moment. Two assistants have been provided on the technical assistance side; they were urgently needed. There is now one more assistant needed on the capital side and the advertisement for that position is out. The Civil Service Commission is in process of hiring him for me; he is very urgently needed. I would, of course, Mr. Fleming, like to point out to you that when I first took over this position I was asked to use existing organizations as far as I could and I have done so. All our legal work, for instance, is done by a lawyer who is employed in the Canadian Commercial Corporation. The Canadian Commercial Corporation does much of our purchasing and tendering. For contracting, making contracts and so on, we use Defence Construction Limited. We also use, for very advanced technical matters, the Department of Defence Production. I have tried not to build an empire and to use people who already existed in the government. I must say that the other departments have been very good in lending people and helping out. That has of course helped to keep the cost of my organization down.

Q. I will commend that effort. But I was wondering if you had any further comment to make on the sufficiency of the administrative staff which you now have. That engaged our attention, I know, a year ago.—A. The situation today is better than it was a year ago.

Q. In the countries that are receiving aid under the plan, do you find that as they develop, with the assistance of the capital projects that the Colombo Plan has already made available to them, that the rate of their power to absorb additional capital aid projects is already increasing?—A. Yes, definitely it is; one leads to the other. When you have power, then you need all the implements to use it. One leads to another and it snowballs.

Q. It is not an unfamiliar pattern in countries, in the earlier stages of what we call development, that once you provide a certain foundation the tempo of need and the potential development greatly increases. I suppose that is a factor in the decisions that will have to be made under this roof in the future in respect to possible increases in aid under the Colombo plan?—A. I would like to suggest that there is another side to it; that as these people become more efficient, their needs increase; as their purchasing power increases, so will their ability to buy. We are, I think, creating a market for ourselves in this area.

Q. You mean a market for our exports apart from aid?—A. Yes. Markets for our exports apart from aid.

Q. Although, at the same time, do you not find a good deal of economic nationalism developing in these countries in their trade policies?—A. It is, but it will be many many years before they will be able to manufacture anything like their needs.

Q. But their policy, by and large, out there at the present time is to insist that more and more of the factories in other countries that are now selling the consumer goods establish factories in those countries now for indigenous manufacturing?—A. That is true.

Q. That has been the experience of some of the motor car manufacturers, for instance.—A. That is true, but one of their great problems is foreign exchange and foreign exchange is mixed up with the policy.

By Mr. McMillan:

Q. I have often wondered if there is close collaboration between the sub-agencies of the United Nations and the Colombo Plan. For instance, does the F.A.O. recommend areas where you should have irrigation projects? I know that the World Health Organization looked after the training of medical

personnel. Do you, in irrigation projects for instance, go to the World Health Organization or the F.A.O. to get the most desirable areas?—A. Yes, we do. For instance, the very fact that we are in the Ganges Kobadak project is due entirely to our co-operation with the F.A.O. It was they who pointed out the great necessity and they who asked us to look into it. It was entirely due to our co-operation with that body that we are in that particular project. It was also due to that co-operation that we are putting money into the Gal Oya project in Ceylon. We receive their literature and we study it. Whenever I go out east I stop in Rome and have a conference with the officials of F.A.O. there. There is considerable co-operation with the specialized agencies.

By Mr. Stick:

Q. In connection with the reactor, I am not too sure but I have an idea that when the Russian Premier and others were in India a year ago they offered to build India a reactor. I do not know whether the promise was definite, but I am of the understanding that they promised it to India. Probably that might have some effect on our policy as to going in and building this reactor. Is there any truth in my understanding of that?—A. Could I say that this is one of the cases where we got in first?

Mr. FLEMING: Well done.

Mr. STICK: My understanding was that when Bulganin and Khrushchev were there they virtually promised that they were going to build a reactor. That might have affected our decision to go in and do it ourselves. When you say: "We got in first" that more or less corroborates that understanding.

The CHAIRMAN: Shall item 111 carry?

Item agreed to.

The CHAIRMAN: On behalf of all the members of the committee I wish to thank you very much, Mr. Cavell, for your co-operation.

Mr. FLEMING: Mr. Chairman, I take it that this does not prejudice any recommendation which the committee may make with regard to the item, and that when the committee does make its report it could consider a possible recommendation with regard to an increase in the amount.

The CHAIRMAN: I will take that up.

Mr. STICK: We have been making that recommendation for the last two or three years. I move we adjourn.

The CHAIRMAN: The committee will adjourn until next Tuesday and I hope the Honourable Secretary for External Affairs (Mr. Pearson) will be available then. The meeting will be at 11 o'clock.

—The committee adjourned.

Canada, External Affairs, Standing Committee
on, 1956.

HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

TUESDAY, MAY 15, 1956

MAIN ESTIMATES—DEPARTMENT OF EXTERNAL AFFAIRS

Statement by The Honourable L. B. Pearson, Secretary of State
for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.

QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

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Patterson
Pearkes
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Starr
Stick
Stuart (*Charlotte*)
Studer—35.
(Quorum 10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 15, 1956.

The Standing Committee on External Affairs met at 11.00 A.M. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Boisvert, Breton, Cannon, Crestohl, Decore, Fleming, Gauthier (*Lac Saint-Jean*), Hansell, Henry, James, Jutras, Knowles, McMillan, Mitchener, Nesbitt, Patterson, Pearkes, Richard (*Ottawa East*), Starr, Stick, and Studer—21.

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs; Mr. W. D. Matthews, Assistant Under-Secretary; Mr. A. A. Day, Special Assistant to the Secretary of State for External Affairs; Mr. A. S. Gill, Executive Assistant to the Secretary of State for External Affairs.

The Chairman, after calling the meeting to order, welcomed Mr. Pearson and suggested that he might wish to review developments at the meeting of the North Atlantic Treaty Organization held recently in Paris.

During the course of his statement and subsequent questioning, Mr. Pearson referred to the following subjects:

1. France-Germany (Economic Relations);
2. Constitution of NATO Sub-Committee;
3. Reduction of Armed Forces;
- 4. Cyprus-Greece;
5. Stabilization of NATO.

The Chairman announced that Mr. Pearson will be available for a further appearance before the Committee during the week of May 20-26. He then stated that at the next meeting of the Committee scheduled for Thursday, May 17, Mr. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs and Mr. W. D. Matthews, Assistant Under-Secretary will be called as witnesses.

The Committee adjourned at 12.45 p.m. to meet again at 11.00 a.m. Thursday, May 17, 1956.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

TUESDAY, May 15, 1956.
11.00 a.m.

The CHAIRMAN: I see a quorum, gentlemen, so we will start right away. But before let me wish to extend to the minister the most cordial welcome on his return home, and to say that I am happy to note that the rumours we have read in the newspapers are unfounded.

Hon. Lester B. PEARSON (*Secretary of State for External Affairs*): Thank you, Mr. Chairman, for welcoming me back. Naturally, rumours are rumours and we do not pay much attention to them around here.

Mr. STICK: Newspapers ditto.

Hon. Mr. PEARSON: I do not know, Mr. Chairman, how you wish to proceed. Were there any particular questions which it was desired I should answer?

The CHAIRMAN: Some of the members have expressed the view that they would be glad to have a report on your trip to Paris before we proceed further. I do not see Mr. Fleming here. I know that at the last meeting he told the committee he had 15 subjects that he hoped to deal with. He may come in later on. Let us start with your report on your Paris trip, if you wish.

Mr. HANSELL: Is there any particular item that we could ask Mr. Pearson to comment on?

Mr. PEARKES: We have hardly got to that yet. I think we should get a general report on what happened in Europe.

Mr. STICK: I think that before the minister left for the NATO conference he indicated to the committee that he would be prepared to make a general statement on his return, and I think it would be of interest to the committee if he would so so.

Hon. Mr. PEARSON: I would be glad to do that, Mr. Chairman. I was away a week; for two or three days of that week I was in London and for the rest of the time in Paris. In London I had the opportunity of meeting the heads of our Canadian diplomatic missions in Europe—something I do every two or three years, when I am over there, in order to hear from them reports of developments in the countries to which they are accredited; these reports are always useful supplements to the written reports which they send to Ottawa.

While in London I also had the opportunity of discussing the forthcoming NATO meeting with the United Kingdom ministers and officials concerned, and I also had a talk with the Prime Minister. Then, in Paris, which I reached on Thursday of the week, we held a two-day session of the North Atlantic Council. The importance of these council meetings from the point of view of consultation is increased, I think, by the fact that although we have formal meetings, at which we deal with an agenda, we also have the opportunity to discuss things informally, between meetings and in the corridors. I am not sure that this is not, at times, as important as the formal discussions.

The agenda which had been drawn up before-hand and agreed to, and to which preliminary consideration had been given by the permanent council was a short one but it covered a lot of ground. The first item we dealt with was "the international situation in the light of current developments" and that, in turn, was subdivided, and we dealt with each subdivision separately. The first

subdivision was "the trends and implications of Soviet policy, including the political and economic penetration of under-developed countries." The second subdivision was "political and economic questions arising from current Soviet tactics" and the third was "other matters of common concern in the international situation." The scope of an agenda such as this gave any member the opportunity to bring up whatever subject he wished. Our discussion, of the first item, revolved largely around the analysis and interpretation given by the foreign ministers to the international situation in the light of current developments; what we meant, really, by "current developments" was the change of tactics in the Soviet Union; the new condition of what we call "competitive co-existence" and the affect that this would have on NATO, in particular, and on international relations in general.

As one might have expected, while we came pretty close to agreement, there was a difference in emphasis and approach to this question of the significance of what has gone on in Moscow. We all felt that Russian tactics had changed, and changed significantly. I think, also, that we all felt it would be premature and indeed unwise to come to any dogmatic conclusions as to the long-range significance of these changes. We did, I think, vary somewhat in our opinions as to the immediate significance of the change. Some members of the council were inclined to attach greater importance to it than others but we all agreed that whatever the immediate significance was it should not result in any lessening of effort on the part of NATO; the need for the maintenance of adequate defence strength remains, no matter what has happened in Moscow or what is likely to happen in Moscow; it remains a primary objective of NATO and nothing should be done to weaken that defensive strength, though we might have to adapt ourselves to changed conditions.

While that is the case it was also felt that with the relaxation of tension and the removal of some of the more urgent and immediate fears which were felt a few years ago the non-military side of NATO cooperation was more important than ever and should be developed, strengthened and deepened, because, with the lessening of fear and tension, probably the main incentive which led to the creation of NATO in the first place was being modified, if not removed. We would therefore have to strengthen the other bonds which hold the NATO countries together. There is, of course, a reflection of that feeling in our communique.

That led to the next item on our agenda—"What can we do to extend non-military cooperation between the NATO countries?" We spent most of a day—Saturday—discussing that. Mr. Dulles in particular, in the course of that discussion, emphasized and underlined the importance of this aspect of NATO cooperation and he gave us a very searching and serious statement about the future of NATO in the light of the new developments. He was not unduly pessimistic about the future, but he did feel that NATO, in a sense—these are not his exact words—had reached a new stage of its development, or, if you like, was at a parting of the way; we had to maintain our unity in other ways than by basing it on fear.

It is easier to talk about these things than to agree on the action to be taken to carry talk into effect. It was quite clear as the discussion developed on Saturday—and we met Saturday morning, Saturday afternoon, Saturday evening and well into Sunday morning—that we would not be able to come to any final agreement as to what should be done. As members of the committee know, the council decided to set up a subcommittee of three foreign ministers who are to be given the job of continuing the examination of this matter and reporting back to the council. In a sense these three ministers are rapporteurs to the council. It is hoped that they will be able to get in touch with the various governments during the next two or three months, continuing the kind

of discussion we had in Paris. We would then meet and prepare a report with specific recommendations, if possible, as to what might be done to strengthen non-military cooperation between the NATO countries and also examine the relationship of NATO to other international agencies. This subcommittee of three had one short talk very early on Sunday morning and we have been in correspondence with each other since I got back to Canada in order to work out our program and our procedures. We hope to meet before long in Paris and continue our work there with the permanent council assisting in that work and in the examinations we will have to conduct.

In addition to this main subject of discussion we are looking into the economic aspects of cooperation; article two of the NATO Agreement. The French foreign minister submitted a proposal at Paris along those lines for action through the United Nations—action if not sponsored by at least initiated by the NATO countries with regard to international economic assistance. The Italian foreign minister made certain proposals also along those lines. There was a good discussion of that subject. We also had a report—it was my job to make the report—on the work of the disarmament subcommittee in London. We had a short discussion on that subject and there was also a useful discussion of the situation in the Middle East and its relationship to NATO; particularly North Africa and Palestine.

I think that covers the subjects we discussed in Paris. As we had only two days in which to do this you can imagine that they were pretty crowded days. That is one of the difficulties about these NATO meetings—we never give ourselves enough time. That may well be one of the first recommendations by the subcommittee of three which is examining ways of improving NATO consultation. When you get to Paris you should stay there a little longer than two days—and not to enjoy Paris in the springtime, either.

I will be glad to try to answer any questions which might occur to members arising out of what I have said, Mr. Chairman.

Mr. PEARKES: Arising out of what Mr. Pearson has said, in view of the emphasis being placed on the non-military aspect of NATO, does the minister foresee any large increase in the financial contribution which Canada would be required to make? Does he envisage setting up a sort of European Colombo plan under which the more fortunate countries of the NATO alliance would make contributions toward the economic development of the less fortunate countries?

Hon. Mr. PEARSON: At the moment, Mr. Chairman, I do not see any such immediate requirement—I am thinking of increased contributions for the purpose indicated by General Pearkes. One conclusion which was generally accepted—almost unanimously accepted, I think—was that NATO itself, at least in its present form, is not the best agency for economic planning, for the purposes you have mentioned, that is, for assistance to other countries, nor is it the best agency for economic consultation with a view to bringing about increased trade and better commercial arrangements between its members. There are other economic agencies which are designed for their purpose and they are working effectively—I am thinking now of agencies such as OEEC and GATT. It would be a mistake, I think, if NATO were to duplicate the work which is being done at present by these and other international agencies. We have enough international machinery; the problem is to make it work. As far as international economic assistance is concerned, I do not think that NATO as such would be a very effective agency for that purpose because the political and defence character of NATO might give rise to doubts in the minds of some of the receiving countries, especially in Asia, as to the objective character of any assistance which might be given, if it were labelled NATO assistance. It was felt that while NATO—the NATO countries—could take a lead in these

matters, while the NATO council is a very good agency for exchange of views on these matters, existing machinery such as the Colombo plan or the United Nations is available for the purposes we have in mind and we do not need to set up new machinery of that kind inside NATO. That is one of the questions we on this subcommittee will have to discuss and on which we shall be submitting a report. Pending that examination and report I cannot say very much more about it than I have said already.

Mr. STICK: I would like to ask Mr. Pearson whether political cooperation, as distinct from economic cooperation, was discussed at this meeting. I have in mind the Strasbourg council which met some two years ago.

Hon. Mr. PEARSON: Yes, we had by far the best and most comprehensive discussion on political consultation inside NATO of any meeting I have attended since the NATO council was formed, and I have attended them all. It was felt—and this is something we shall have to report on—that we were not using the NATO council as much as we should, and that our objective should be to develop this sort of cooperation inside the council through holding more frequent meetings, and by increasing the authority and prestige of the permanent council. We should develop the custom, or habit of consultation to a point where no member government would take any major step in foreign policy which had consequences for the other members without discussing it in advance in the council. There again, though we agree on this in principle it will not be too easy to work out in practice; this kind of thing has to develop slowly. It was pointed out by one of the council members that though it is fine talk about political consultation—and it is an ideal we should try to realize—consultation, in order to be effective, sometimes has to lead to commitments. There are two kinds of consultation: there is consultation by which you simply exchange information—you tell other people what you are doing, but you do not ask for their help or for their advice; then there is the other kind of consultation designed to bring about uniformity in policy, and uniformity in policy often means that one government has to take on additional commitments in order to cooperate with another government.

Mr. STICK: That is what I meant—uniform policy. Arising out of that, can you inform us what is the attitude of France today toward economic cooperation with Germany? We heard a lot about that a few years ago. Are those countries coming together to a greater extent than in the past?

Hon. Mr. PEARSON: Yes, they are, and an illustration of that can be seen in the discussions which began at Messina and which are continuing with a view to strengthening the economic and political integration of the countries concerned, and there are six, including France and Germany. They are trying to work out a common market and common machinery for the development of atomic energy. That is one of the most hopeful things that has happened in Europe in the last 10 years. Ways and means are being sought to bring Europe together both politically and economically but it is a difficult task because there are a thousand years of history involved.

Mr. STICK: This question is not directly unconnected with the statement just made. It is generally agreed that Russia is out to destroy NATO or discredit it. This may have some bearing, if you could throw any light on it. Russia seems to be moving towards more cooperation between east and west. It is an apparent change of attitude which is brought about by internal pressures inside Russia more than by those outside. Would you care to comment on that?

Hon. Mr. PEARSON: I cannot comment on it dogmatically, I am afraid. My difficulty is that, like other people, it is hard for me to make up my mind as to the reasons which have brought about the recent change of tactics. Possibly

I should put it this way: the relative importance of those reasons. I am pretty satisfied that some of those reasons are external and others are domestic and some might even be personal within the little group of the politburo. But to put these in order of priority is beyond my ability. However, I am quite sure that one of the reasons for the change of policy—the external reason—is to remove tensions and fears and thereby weaken, so it would be thought, the unity within NATO. There is evidence that that is having some effect.

Mr. KNOWLES: I have three questions and any further ones would depend, I suppose, on the answers I get as I go along. First of all, Mr. Pearson, I believe that on your return from NATO—as I saw you on television at the airport—you were asked whether you were accepting the position as one of the “Three Wise Men” and you indicated that you would have to consult the Prime Minister first. Have you had whatever form of consent of the Prime Minister or the government you had in mind before taking the position?

Hon. Mr. PEARSON: Well, I have discussed it with the Prime Minister and it has been agreed that I should take on this job with the other two and it is hoped that it will not take up too much of my time.

Mr. KNOWLES: That was to be a supplementary question—as to whether being one of those “three wise men” would interfere with the performing of your duties as head of the department here in Ottawa.

Hon. Mr. PEARSON: No, it should not do that, Mr. Knowles, to any great extent. It may do me out of a holiday this summer. This is an examination and report job which will require a certain amount of research and consultation and study but I think it can be done without too much travelling around the world. The three of us are considering a procedure by which each of us takes on the job of interviewing certain governments and getting their views on this subject. Then we will meet in Paris and compare notes. We will have the help and assistance of the NATO permanent council and the secretariat of NATO. There are some highly qualified experts there in this field. After we put them to work putting into form the ideas we have assembled—I hope that will be in July; then, if all goes well we ought to have another meeting towards the end of the summer and spend two or three weeks putting our report into final form.

Mr. KNOWLES: My second question relates to article 2 of the North Atlantic Treaty. I think you will recall that on occasions in the past when Mr. Coldwell and others of us in our corner of the house have urged the full implementation of the spirit of article 2 of the treaty, you have thrown back at us the actual words of article 2 and it is defined that they are limited to a mutual effort purely in the defence field. We recognize the limitation of the wording but of course we are pressing for full implementation of what was thought to be the spirit of article 2. Do you feel now that the wording of article 2 is sufficient for your committee of three to make recommendations in the non-military field or might it turn out to be necessary to have an amendment of article 2 of the treaty?

Hon. Mr. PEARSON: In the first place, I do not recall ever saying—because I certainly do not hold the view—that article 2 was restricted in its terms to the defence aspect of co-operation. It is certainly far wider than that. The article as it is at present drafted is wide enough in its framework for any recommendation we might like to make in the field of non-military co-operation.

My first reaction is that no change in the text of the North Atlantic pact will be required and no great new machinery will need to be set up to do the kind of work we would all like to see NATO do. We are not limited in our terms of reference, however, in any way and if we should think it necessary to recommend an amendment to the pact we can do that under our present

terms of reference. As a matter of fact, they are very broad, we can do almost anything we like under these terms of reference if we think it has any bearing whatever on NATO.

Mr. KNOWLES: My third question is this. Has Mr. Pearson any comment to make on the statement attributed to Mr. Churchill a few days ago? If I recall it correctly, Mr. Churchill said that in view of the attitude being taken now in the Soviet Union towards the name of Stalin, maybe it was possible for the Soviet Union to join in the spirit of NATO.

Hon. Mr. PEARSON: Sir Winston Churchill as usual is looking a long way ahead, because he has a very broad vision in these matters and a great imagination. That is one of the things which make him a great man. We all agree that it is desirable to reach a situation where Russia and any other country could be associated with the spirit of NATO—because the spirit of NATO is defensive and cooperative—but Sir Winston Churchill's language was pretty carefully chosen, if you read his speech—the association of Russia or any other country with the spirit of NATO is not quite the same thing as an invitation to the Soviet Union to join NATO at the present time.

When I was in Russia and talking to Mr. Khrushchev—I may have mentioned this before—he asked me: "Why don't you let us join NATO if it is such a fine organization?" I do not know if he was going on the good old political maxim: "If you cannot beat 'em, join 'em". My reply to that was an obvious one, that if we had reached the state of confidence, cooperation and friendship in the world between the communist and the non-communist world, where the Soviet Union could be invited to join an organization like NATO, where we exchange our most secret defence information and plans, we would not need NATO at all and there would be no point in the Soviet Union being asked to join.

Mr. KNOWLES: In that situation, NATO would merge again in the United Nations?

Hon. Mr. PEARSON: It would, if we reached that point where the Soviet Union would be able to join us on terms of mutual confidence. We could abolish NATO and go back to the United Nations, where we have a universal NATO now, though it is difficult to use it in that way.

Mr. NESBITT: I have two questions. The first was largely answered in reply to Mr. Stick's question. What do you think of this recent announcement that they were giving up 1,200,000 troops and is the peaceful approach a real danger to the unity of NATO?

Hon. Mr. PEARSON: Well, it presents a temptation to weaken our unity, because unfortunately, I suppose, fear is something that fashions the strictest bond of unity. We have to find something now to supplement fear, especially as the fear is reduced. The announcement by the Soviet Union yesterday afternoon of its reduction in its armed forces is designed of course to keep up this pressure to remove fear. I was not surprised at this announcement. It became pretty clear in the discussions which were going on in London at the Disarmament Sub-Committee, that the Soviet Union might make a unilateral move of this kind, regardless of what was done in the committee. I am not prepared at the present time to give my opinion on the significance of this reduction. I would like to know a lot more about it and it will be very difficult for us to find out. I recall that a year or two ago there was a reduction in the defence expenditure in the United States—quite a considerable reduction was proposed—and I do not think the Soviet Union attached any great significance to that fact. There may be reasons for this but until we know the reasons and are able to assess them, I do not think we could come to any conclusion as to the effect of this recent announcement of a reduction by 1,200,000 men. After

all, Soviet military policy, especially in regard to manpower, can be very flexible. They can call in a lot one day and call them out again another day. This move may be designed for one purpose or another. It may be that they have need of extra manpower this summer on the farms. Economic conditions may require a reduction of military manpower. They always have millions of men for war if they need them. They also have many para-military formations, police forces and the rest of it, so it is a little premature to come to final and comforting conclusions about the significance of this move. However, any move which is in the direction of reducing arms and the number of men under arms of course should be welcomed.

Mr. NESBITT: There is another thing I would like to ask Mr. Pearson, that is about the recent meeting of NATO he attended. Would you care to comment, Mr. Pearson, on what effect this Cyprus situation has had on the attitude of Greece towards certain other NATO countries, Great Britain and the United States— and vice versa?

Hon. Mr. PEARSON: Cyprus was not discussed at the NATO council, though it was quite open for any member to bring it up if he wished. The Greek foreign minister there did not bring it up and he co-operated very fully in the discussions, there was no reflection in our discussions of any irritation or ill feeling or antagonism between the Greek delegation and any other.

Mr. NESBITT: You do not think there is any great danger of Greece withdrawing from NATO?

Hon. Mr. PEARSON: I would hope that there is no such danger, but any dispute or division between members of NATO is a cause of anxiety to the other members. If we cannot get along well within NATO it is not going to be very easy to use NATO as an agency for co-operation in wider fields.

Mr. NESBITT: My last question grows out of the second one. Has there been any information that you know of, or can you feel at liberty to tell us, whether or not Premier Nasser of Egypt—or whatever his title is—has been meddling in Cyprus.

Hon. Mr. PEARSON: I have had no information on that and I have seen no evidence that he or his government is taking any part in the disturbance in Cyprus. I just do not know.

Mr. CRESTOHL: Is there any vehicle in NATO either in the charter or in the subsequent meetings which could be used to resolve a dispute between two member nations of NATO? Is there a vehicle or means of arbitration or submission to the World Court at the Hague or internally some machinery which could resolve a dispute such as has been intimated might develop between Great Britain and Greece.

Hon. Mr. PEARSON: Yes, there is lots of machinery. I do not think this is the kind of situation which would lend itself to reference to the World Court, though even the World Court has on occasions had political differences referred to it. There is the United Nations itself which has machinery set up for conciliation and arbitration and NATO is also a piece of international machinery which could be used if it were wise to use it for mediating in the case of disputes among the members. I do not think there is any lack of machinery but very often it is unwise to have recourse to international machinery until you have exhausted every possibility of settling disputes bilaterally between the governments and the countries directly concerned, through the diplomatic channels.

Mr. CRESTOHL: I had in mind a vehicle which could render judgments, that the contesting countries would respect, having had a hearing before a tribunal which would hear the evidence and the facts and render a decision which would be mutually binding upon the litigants, so to speak.

Hon. Mr. PEARSON: The United Nations' decisions are supposed to be morally binding upon the governments which refer matters to it but there is no agency anywhere in the world today which can give a legal and binding decision on political disputes in the sense that it could become a judgment and would have to be enforced. We are some distance away from that.

Mr. STICK: You have no police force to enforce them?

Mr. CRESTOHL: The moral force is often greater.

Mr. STARR: I wonder if the minister could express a view as to whether the NATO organization is growing in strength and keeping up its interest in the work or is there some laxity amongst member nations of NATO at present?

Hon. Mr. PEARSON: That is a difficult question to answer. I think NATO as an organization is changing its character as the situation in the world seems to change. I suppose it has reached a point where its defence level is not likely to be increased. In other words, military defence, the collective strength of NATO, has reached a point now where I hope it is to be maintained,—but there is not likely to be any great urge to build up now above that point. Therefore the interest and urge we had a few years ago to try to build up to that point, is not so evident now. As I have said, the feeling of urgent and immediate danger has been altered somewhat and that means a change in the atmosphere, in the climate of NATO. There is a real danger that as we level off politically and militarily in NATO people will begin to lose some interest in it. There are signs of that and it is one of the things we have to try to deal with.

Mr. FLEMING: How?

Mr. STARR: Is that the reason for the appointment of the "Three Wise Men"?

Hon. Mr. PEARSON: The other members of the committee would like us to produce some ideas that would help in that regard and I would like very much to get ideas from this committee. Mr. Fleming may have some.

Mr. McMILLAN: I want to follow that up. The softer attitude in Russia has tended to weaken NATO militarily? Is not that right?

Hon. Mr. PEARSON: I think it has made it more difficult for any of the NATO countries to increase the present level of defence building.

Mr. McMILLAN: Is there an indifference on the part of some of the NATO countries to keep up some of their military commitments?

Hon. Mr. PEARSON: There is always difficulty in getting public opinion to accept, in peacetime, a defence effort which reflects itself in a fairly high percentage of expenditure at a time when these countries are trying hard to increase the standard of living of their people and introduce greater social security.

Mr. McMILLAN: You have the communists in different parts of the free world who have kept up with the international political gymnastics in Russia.

Hon. Mr. PEARSON: They seem to be adjusting themselves to the new state of affairs. They have had a good deal of experience in the past. This is a shock to them, but so was the Soviet-Nazi Treaty of 1939. I think this is in some way the greatest shock they have had. There is some evidence of that in the fact that leaders are being changed in communist parties throughout the world. They are getting men in who probably find a policy of adjustment a little easier than the old Stalinists.

Mr. McMILLAN: Has it tended to weaken NATO's work?

Hon. Mr. PEARSON: The immediate effect has been disconcerting, I think, to communist parties and has had a weakening effect in the sense that it exposes these parties as merely the tools of Moscow. If in one year the leaders

of other communist parties have to praise Stalin as God and the next year they come and say that at least he was no God, it shows where they get their orders and how slavishly they carry them out. In the long run, however, I am not sure that this change, this dethronement of Stalin, is not going to strengthen some communist parties by later giving some colour to their propaganda that their communism is national and that it will thereby make a greater appeal to their people than in the old days when they were all Stalinists. In other words, it may give some colour to the view that you can have Tito's now all over the world and get away with it.

Mr. STICK: Many gods instead of one.

Mr. HANSELL: Since we have been discussing the levelling off of the military aspect of NATO, I am just wondering where the transfer of General Gruenther fits into that. Personally, I was rather taken by General Gruenther on his two visits to Canada over recent years and I thought he was doing a magnificent job. I would like to know if you would care to express yourself, Mr. Pearson, on two points. Who is responsible for the decision to remove a high ranking official of NATO? Is that done on the recommendation by the council or is it the President or the powers that be in the United States that simply say: "We are going to transfer General Gruenher". That of course leads to another question with which you might care to deal at the same time. I am wondering if General Gruenther felt that his work was finished there or frankly if he was dissatisfied that he could not get more support for the military aspect of it.

Hon. Mr. PEARSON: As to the first question, the only person responsible for the removal of General Gruenther is General Gruenther. He was not removed: he resigned. Everybody in NATO would have been delighted if he had not resigned, because he is, as you know, a man of great capacity and almost an inspired leader of this kind of effort. As to the second question, why he has resigned, he has said it is for purely personal reasons which had nothing to do with any dissatisfaction with NATO. He convinced me on that, that is the real reason—"purely personal reasons"—and it is not given as an ostensible one.

Mr. HANSELL: I know when he was here, according to newspaper reports I read, he felt that Russia was making some considerable progress militarily which would be a sort of competition with NATO. That was the impression which was there at the time.

Hon. Mr. PEARSON: I think he may have felt that the NATO defence forces should be increased. I would be surprised if he had not felt that. No man in his position is ever going to be satisfied in the sense that he has all he feels he needs. No chief of staff ever could have enough military strength—just as a political party could never have enough members of parliament. I apologize to Mr. Fleming for that observation.

Mr. FLEMING: I think you should apologize to parliament for that. That is the one party system, it is dictatorship, it is the communist system.

Mr. KNOWLES: He is covering up his embarrassment. He knows they have too many.

Hon. Mr. PEARSON: I was just giving a psychological illustration of a difficult problem.

Mr. DECORE: The minister expressed the view that one of the reasons why the Russians have extended this idea particularly is because of the emergence of the point that the eyes of the communist agents are on "freedom from colonialism" and as "champions of national freedom"—I hope I interpret the minister correctly—when in fact they are the worst offenders in regard to

political power anywhere and they are the worst oppressors of freedom. Has consideration been given to exposing the Russians in the eyes of the agents in this regard?

Hon. Mr. PEARSON: Yes, a great deal of consideration has been given to that matter in the last two or three months. I neglected to say at the outset that one of the subjects we discussed in NATO at the council meeting was information policy—propaganda, if you like. We discussed how to make our information policies more effective. That was one of the subjects I was supposed to introduce. In the discussion of that matter we did not have nearly enough time, but we all felt very strongly that one of the things we should emphasize most in our propaganda was that the Soviet Union, far from being the champion of oppressed people struggling to be free, was the greatest colonial power at the present time—probably the greatest colonial power in history; that we should expose the falseness of Soviet intentions in this regard and at every possible opportunity. Even if we cannot have a collective information policy—and we will have to look into that—the national information policies of those governments which have resources for that purpose, should emphasize that fact. We have so many good examples of it. Not only the peoples now inside Russia as Soviet states were not given a chance to express their views as to whether they want to be inside the Soviet Union or not, but also there are the states around the Soviet Union, the communist states which are under Moscow control. Above all, because it is the most graphic example, because it is closer to the west, there is East Germany, which is now a communist colony. It has been made perfectly clear by the Russians that they will not allow any expression of the will of the people in East Germany at this time, not merely because it might mean East Germany joining a united Germany in NATO—they have mentioned that—but also because they insist—as Molotov put it at Geneva—that the social and economic benefits of these East Germans had to be preserved. What he meant by that was that there could be no unification unless there was a pretty good chance of Germany going communist and having these “social and economic benefits” which he insisted on preserving but which those Germans have so little regard for that about 1,000 of them are trying every day to get across the border into West Germany in order to escape them.

Mr. STICK: Has any consideration been given by NATO with a view to reaching people in the U.S.S.R. and satellite states in order to inform those people on our conception of freedom and so forth—propaganda, to put it that way?

Hon. Mr. PEARSON: There is no suggestion that this should be done at the moment by NATO itself. NATO has not the resources and the governments most concerned—I am thinking of the United States particularly, where so much of this work is being done—have not yet come to the point where they would prefer, instead of supporting their own national propaganda policy behind the iron curtain, to support a policy which would be planned and carried out by an international agency such as NATO. That is also one of the things on which we have been asked to report. We have in fact a good many things on which we have to report in this subcommittee and information policy is certainly one of them. It is an aspect of non-military co-operation.

Mr. STARR: May I interject at this point. It is along the same line as Mr. Decore. I want to say that within the past six months one of the members of NATO—the United States—has declared a policy of peace, friendship and cooperation.

Hon. Mr. PEARSON: That is right and that has been echoed by other countries; that is, if we are to take seriously the pretensions of the Soviet Union that they want to live in peace, friendship and cooperation with the

rest of the world, reduce tension and remove dangers, one test of their sincerity in that regard, one test, would be to give the right of self government and to choose their type of regime to a lot of the peoples now under their autocratic control.

Mr. MICHENER: Mr. Pearson has given a very interesting account of what he described as certain changes in NATO which I think we all appreciate are taking place. As he said, the atmosphere is changing. I suppose the problem with which he and his committee will have to deal and bring before the council is how to offset that apparent slackening, as the pressure is removed and the sense or urgency is removed in the military field. I am sure it is not removed in the minds of the foreign ministers who gather there, because they know it is just as necessary today to be able to defend ourselves as when we were struggling to build up NATO. That raises the question I would like to put. Does this change make it more or less likely that NATO countries can cooperate in the planning and economic spheres? It would seem to me that it makes it less likely that NATO can be developed along the other lines than if the pressure were still there in the military field to some extent. Many considerations suggest themselves. After all, NATO is made up of a pretty diverse group of nations. It consists of different interests. They get together out of self-interest on defence and the preservation of their existence. In the other fields, in the economic fields, it is not necessary. The western European nations have developed very useful procedures. They have trade problems, I know, but they have also other means of dealing with those trade problems. Then, when we come to the political field, you have the three leading powers—the United States, the United Kingdom and France. You have West Germany and Italy and smaller middle and minor powers in a great range and of great diversity. Whether there is enough common interest or enough real interest in making the necessary surrender of sovereignty to give any real significance to political cooperation which goes beyond consultation, I would very much doubt. I would like to suggest the example of the commonwealth in its consultative machinery and practices, that it is about as good a precedent for NATO as you could have. It has a background that is organic in a sense, it is developed and grown up historically; whereas NATO would have to try to establish that today and make it work without that background. There seems to be a real significance to the relationship within the commonwealth. If NATO countries could develop the same methods of exchange of information and consultation that probably would be a pretty great advance. Then there is just one final view I wish to make known at once. I wonder whether there is any significance in the composition of the committee. I can see some significance as far as Mr. Pearson is concerned, he would be chosen on his own merits apart from his representation of what one might call a middle country. But I notice that the United States, Great Britain and France are not represented on the committee. I have indicated my views about the diversity and perhaps about the differences of opinion. Is there any significance in that or would you care to comment on that?

Mr. STICK: It is a compliment again, is it not?

Hon. Mr. PEARSON: I agree that the difficulties are greater now for non-military cooperation, but the fact that we are aware of those difficulties is shown by the greater efforts we are making in NATO to bring this cooperation about. I think we feel that if we do not do that, we will find it hard to keep NATO going at all. In regard to the composition of the subcommittee, I do not think we need attach any great significance to it. Some felt that this work could be done most effectively by a subcommittee of three—say the United States, the United Kingdom and France. There was a feeling in other quarters that if it were to be done on a foreign minister level it had better be given to

foreign ministers of countries which could spend more time on the job than the foreign ministers in London, Paris and Washington. It was also felt, I suppose—though this was not discussed openly—that three from the middle powers might have some advantages over the other three. If there had to be a subcommittee of this kind, so far as I am concerned, it would be difficult to imagine more effective or better colleagues to work with than the foreign ministers of Italy and Norway. I have worked with them both now for a good many years and they certainly are qualified to do this job. The only lament the three of us have is that we have been “tabbed” with this designation “three wise men”. That is an initial handicap which we might never be able to overcome.

Mr. KNOWLES: You sought to offset it last night by referring to it on television.

Hon Mr. PEARSON: I did my best, but I am not sure that “three blind mice” was a very wise alternative.

Mr. JAMES: I wonder if Mr. Pearson would care to say what progress West Germany is making in the build-up of its armed forces.

Hon. Mr. PEARSON: Progress is being made, but it is slower than was anticipated. In a sense, that is an answer to those who were frightened that the rearmament of Germany would have all sorts of undesirable military consequences—that they would rush to begin rearming and soon become unduly strong. Progress is being made now. There were a great many constitutional and political difficulties which had to be overcome at the beginning, but it was reported to us that real progress is now being made. There was also, as members of the committee may know, a very real problem of the relationship of the German defence effort to the cost of the German treasury of the obligations which Germany had undertaken in respect of the support of other armies in Germany. That has now been straightened out, so though the German NATO forces will not reach the strength that had been agreed on by the date first envisaged I think they will reach that level a year or so later.

Mr. MICHENER: I would like to ask one isolated question. Is West Germany playing its part now in NATO?

Hon. Mr. PEARSON: Indeed, it is taking its part in every aspect of NATO work. The foreign minister of the federal republic played a very active part in our discussions last week.

Mr. FLEMING: Mr. Chairman, there seems a good deal of interest attached to the step which was taken at this NATO meeting in setting up this committee of three with a view, perhaps, to extending the present functions of NATO, and I think it was made clear that one way of extending its functions would be to enter more broadly into political questions affecting the countries concerned. Mr. Pearson has indicated that the question of Cyprus was not discussed. Were any political questions discussed at this meeting of NATO?

Hon. Mr. PEARSON: Yes. When I say the question of Cyprus was not discussed I meant that it was not discussed at a formal council meeting. The Greek foreign minister was there and he talked with several foreign ministers, including myself, about the problem. That, as I said before, constitutes a useful sort of consultation. The foreign minister of France brought up the question of North Africa and made a statement about it.

Mr. FLEMING: I was going to ask about that. How much are you in a position to tell us about it? What discussions were held with regard to this vexed subject?

Hon. Mr. PEARSON: Mr. Pineau made a statement explaining French policy in North Africa, more particularly in Algeria where there is so much trouble

at the present time. He tried to clarify certain things that might have created doubts in the minds of other members of the council as to the wisdom of French policy. He put the French case before us and there was then an opportunity for any member of the council who desired to do so to ask M. Pineau questions; there was no suggestion on anybody's part, including the French, that there should be any NATO intervention of any kind in connection with this matter at the present time.

Mr. Dulles, also, made an important statement on Middle East policy, and there was quite an exchange of views on that subject. I am not at liberty to go into the details of those exchanges because they were on a very confidential basis. Mr. Dulles also made a report on his recent trip to the Far East and gave his views with regard to developments there along lines which you, Mr. Fleming, will be aware of because he has made them known publicly in the United States. There was then an opportunity to ask him any questions which members wanted to ask about American policy in the Far East. We did bring up certain other questions but, as I said earlier, we did not have time in which to discuss these matters fully—each of them could easily have taken up a whole session of the council.

Mr. FLEMING: I think a paradox has been coined here this morning, Mr. Chairman, when we were made acquainted with the fact that the removal of fear in Europe has created a danger for NATO. I think that observation should rank with some of the great paradoxes of history. May I follow that up by asking the minister if there is any evidence of weakening on the part of any of the NATO countries at governmental level in their support for NATO?

Hon. Mr. PEARSON: Well, Mr. Chairman, I am glad Mr. Fleming mentioned that paradox because I would hate to have given the impression that I am against the removal of fear because it creates difficulties for NATO. Everybody must welcome anything that brings about the removal of fear, but we must be certain that there is a genuine basis for this removal of fear before we try to draw definite conclusions about it. Fear is a bad thing in international affairs as it is in other affairs, and if we could eliminate it it would be an excellent thing, but we must be sure that there is a genuine basis for its removal.

Mr. FLEMING: Or, better still, eliminate the cause. Sometimes fear is a good thing if the causes for fear are genuine.

Hon. Mr. PEARSON: That might be so, too. The governments of the NATO countries seemed to me, at this last council meeting, to give evidence not of weakening in their support but of strengthening their support and interest. Mr. Dulles was particularly impressive in that regard, emphasizing more than once the desire and the determination of the United States to strengthen non-military cooperation in NATO and to make NATO the central feature of the Atlantic consultation part of American foreign policy. That attitude was shared by all the foreign ministers who discussed this matter; so there was no ostensible weakening on the part of any government.

Mr. FLEMING: It is further down that it might occur?

Hon. Mr. PEARSON: Public opinion may be a little more indifferent to NATO than it was.

Mr. FLEMING: I take it that looking at Kremlin strategy in recent months we could say it is apparent, from the skillful attacks which have been made on the support of NATO, that this organization is their major target right now. Is that not the case?

Hon. Mr. PEARSON: I think it is a major target, but I do not want to give the impression that the Soviet leaders might not have other and good reasons

for wanting a relaxation of tension. They might—and I put this forward as something we should never completely ignore—have a genuine desire to relax tension, remove fears and bring about a better accommodation with the west.

Mr. FLEMING: I take it that the Canadian government, through yourself as its spokesman at that meeting, made it quite clear that there is, on the part of Canada, no weakening whatever in support of NATO and NATO objectives?

Hon. Mr. PEARSON: I did, indeed. I do not know whether I would be at liberty to use my statement, but if I had it here and could read it I am sure you would be satisfied in that regard.

Mr. FLEMING: Mr. Pearson, I think I should say to you, in order that you might comment on it, that one of the statements attributed by the press to you during your tour of India seemed to have a sour note in that regard. I have in my hand a Canadian Press dispatch from New Delhi dated November 4 of last year in which there are several quotations from the speech the minister made. I will read the introductory paragraphs, and then the quotations.

Mr. STICK: Where was that?

Mr. FLEMING: In New Delhi.

Mr. STICK: Who wrote it?

Mr. FLEMING: The Canadian Press.

Canadian External Affairs Minister Pearson said tonight that NATO could be disbanded if the fear of war was removed and the UN could effectively carry out its security functions.

When NATO was formed we had good reason to fear aggression, Mr. Pearson told a meeting of the Indian Council of World Affairs here.

If the fear of war can be removed and if the United Nations can effectively discharge security functions envisaged in the charter then—but only then—should NATO or any other defensive collective security system which represents genuine cooperation of countries concerned disappear.

I fully recognize—and I want to be fair about this—that there are some conditions attached there, and some off-sets, but in reading that I just wondered if it was a wise thing to say. I recognize that in India the feeling toward NATO is very different from the feeling in this country, but even the mere suggestion that there are conditions within contemplation and apparently within the scope of reasonable possibility in the world today which might make it possible to disband NATO seems to me to be rather unwise, to put it quite frankly, Mr. Pearson.

Hon. Mr. PEARSON: Well, that is a matter of opinion. I do not think I would qualify that statement if I were to make it in New Delhi again today. But I would like to send you a full text of what I said—

Mr. FLEMING: I realize this might be taken out of a larger context.

Hon. Mr. PEARSON: It is a perfectly correct report of what was said but there were other qualifications made in the speech. I have no complaint to make about that report, however—it is correct, and I do not think it misrepresents anything I had in mind. But it is true that in India and in other Asian countries NATO is considered by many people, I believe, to be not an alternative to the United Nations Security Organization but a substitute for it—something we really want because we can work better together in a western organization of this kind than in the United Nations where Asian and communist countries are represented; and that we are trying to replace the security council by the NATO council. That has never been in our minds, as

you know; it has always been stated by us that NATO is the foundation of our collective defence policy now, but that it is a second best, and when we can bring about collective security on a United Nations basis we would have no need for NATO in that sense, though there would always be a need of NATO as an instrument of building up North Atlantic cooperation and development. But I do not think my statement was misunderstood in India when I put it as I did, and I do not think it is unwise to emphasize that the United Nations remains, still, the basis for international cooperation and peace—if we can only get to the point where we can make it work—but that until we reach that point we have to rely on NATO.

Mr. FLEMING: I agree with part of what the minister has said—the only thing is that we do not want to give the impression, where the field is fertile for taking hold of such impressions, that we are weakening in our support of NATO or in our estimation of the danger which led to the creation of NATO in the first place.

Hon. Mr. PEARSON: That is right, and I think that if you look later at the text of what I said you would find that I went on to emphasize the fact that NATO remains the sheet anchor of our defence policy in Canada in present circumstances, and that we are not likely to abandon it unless we get something better.

Mr. FLEMING: I interjected at an earlier stage, Mr. Chairman, the one word “how” when the minister was raising a question as to the means to be taken to counteract this new type of Soviet tactic which seems to be having some success in so many quarters.

Mr. MICHENER: That was spelt “h-o-w”?

Mr. FLEMING: Yes, h-o-w.

Would the minister care to deal with that subject now and outline some of the measures that are under consideration, or being used at the present time, with a view to counteracting this latest manoeuvre.

Hon. Mr. PEARSON: It is a little difficult for me today—a little more difficult than it would have been before I was put on this subcommittee—because that is what we are working on now. Only today, for instance, I sent a telegram to my colleagues on this subcommittee containing a variety of suggestions as to how we might proceed, ideas we might follow up and recommendations we might make. I would not like to discuss with the foreign ministers of Italy and Norway what I am not prepared to discuss with the committee of External Affairs in the House of Commons, of course, but I would prefer to wait a little while, and maybe I could deal with this subject later. When we have clearer views on some of these ideas I might be able to make some observations on the matter you have raised. I think it would be a little premature, at the very beginning of this work, to spread my ideas, or absence of ideas, on the record.

Mr. FLEMING: I do not want to press this to the point of embarrassing the minister in the discharge of this responsibility which he has undertaken in connection with the NATO committee. I was not asking him to disclose the contents of any communications on his part to any of his colleagues on the committee. Is the period which the minister spoke of likely to be brief? Are we likely to have an opportunity to go into this matter later in the present session, or is it a subject that will be required to be deferred until after the fall?

Hon. Mr. PEARSON: I might have an opportunity before the end of the present session, and, if time permits, I would welcome the opportunity of hearing the views of members of the committee on this subject. I am sure they have as many views on it as I have, and it will be helpful for me to get them.

Mr. FLEMING: May I ask one question, while we are dealing with this matter, about what we sometimes loosely call propaganda? Are we backing at government level—or at any level—anything that offers some form of information to the people with a view to helping them to understand in true perspective these latest Kremlin manoeuvres? May I just refer to one? Here is Mr. Khrushchev, as reported from Moscow on February 14 in a New York Times dispatch:

"The foremost spokesman of world communism declared today that imperialism was so enfeebled that the revolutionary movement would triumph without resort to violence and even by using bourgeois parliamentary institutions."

Another paragraph appears lower down, from his address to the 20th Congress of the Soviet Communist Party:

The advent of communism does not necessarily imply violent revolution or civil war, he said. Indeed, in many capitalist countries the proletariat is now strong enough to convert the traditional parliaments into "organs of genuine democracy!"

His conception of "genuine democracy" is, of course, very different from ours.

What has been done to take hold of propaganda of that kind and combat it at the level where it is likely to be most effective.

Hon. Mr. PEARSON: Do you mean, Mr. Fleming, among our own people?

Mr. FLEMING: I am thinking not only of our own people but of all the countries in the West—anywhere where we are in a position to put forward information which would have an educative effect on public opinion. I would not limit it to this continent, or to Europe. I was thinking in very broad terms.

Hon. Mr. PEARSON: I think it would be very interesting and might be of some importance if I took that particular question and tried to find out what NATO governments had done to clarify what Mr. Khrushchev meant, to counteract what he said, both in their own countries and by short wave and other methods of propaganda behind the Iron Curtain.

In one of Mr. Dulles' talks, he took almost the very same quotation from Mr. Khrushchev's speech and dealt with it. I would be surprised if it had not also been dealt with very effectively over the short wave systems in London, Washington and in other places. It might be interesting to see, as an example of the problem, what has been done in recent weeks to deal with the very important point which Mr. Khrushchev made in his speech to the Communist Congress. It is the basis of their new tactics.

Mr. FLEMING: It is the key to the new strategy.

Hon. Mr. PEARSON: They do not need to go to war now, because they are going to win the contest without going to war, and not by Marquis of Queensberry rules. Khrushchev's statement is a major one in the propaganda battle at the present moment.

Mr. MICHENER: What is done is done upon individual initiative of the various countries. NATO as such does not do anything along that line.

Hon. Mr. PEARSON: It does to this extent: the permanent council meets regularly and they discuss some of these developments and try to help governments with the best advice they can give. They make reports to their various governments which are helpful to those governments, I hope, in propaganda initiatives: but the initiatives themselves are national, not international.

Mr. MICHENER: The council meetings are not too frequent. Your report to the council is to be made in December?

Hon. Mr. PEARSON: It may be made before then. The permanent council is in permanent session and it meets very regularly, two or three times a week if necessary. It is within certain limits an effective organization.

Mr. FLEMING: We have a very good representative there.

Hon. Mr. PEARSON: Yes, in Mr. Wilgress we have the best official representative we could find. There is no man better qualified to take part in these discussions.

Mr. FLEMING: We are fortunate to have a man of his experience!

The CHAIRMAN: General Pearkes.

Mr. PEARKES: Over a period of some months there have been press releases from the Department of National Defence that Canada is sending over squadrons of C.F.100s to the NATO organization, to NATO; and my question is: are those squadrons replacing the squadrons already in Europe with the air division, or is Canada assuming additional commitments by sending additional squadrons to Europe?

Hon. Mr. PEARSON: I think it is a question of reequipping the existing squadrons which we already have with C.F.100s.

Mr. PEARKES: Is that possible, because the personnel who would be trained on the F.86s over there would not be capable of handling C.F.100s, and would you not have to send over complete squadrons to replace them?

Hon. Mr. PEARSON: I think you would have to have pilots who are capable of flying the new machines.

Mr. PEARKES: It is more than that; there is ground personnel as well.

Hon. Mr. PEARSON: You are more qualified than I am to give an opinion on that; but I do think that it does not add to our strength in squadrons.

The CHAIRMAN: Mr. Stick.

Mr. STICK: The report in the paper this morning was that it would take about a year to make an effective changeover.

Mr. PEARKES: The report in the papers today is not at all clear as to whether there would be additional squadrons or just a substitution of squadrons. I do not think it went so far as to say that they were going to add directly to existing squadrons. I take it from the minister's statement that there has been no additional military commitment as far as Canada is concerned by sending additional squadrons to add to the existing air division?

Hon. Mr. PEARSON: That is right. That is my understanding.

The CHAIRMAN: Mr. Cannon.

Mr. CANNON: Mention has been made several times of the terms of reference, and I think in answer to two or three questions, the minister said that these were some of the questions upon which he was asked to report, but that he would welcome suggestions from members of the committee as to ideas which might be submitted to the sub-committee. In view of these facts, I think it might be of interest to this committee if we were to be given the terms of reference.

Hon. Mr. PEARSON: Yes, they have been made public—They were in the communiqué.

Mr. CANNON: I think it would be a good idea to have them on the record of this committee.

Hon. Mr. PEARSON:

IV. The Atlantic Council consider it timely and useful for the members of the Atlantic community to examine actively further measures which might be taken at this time to advance more effectively

their common interests. The Atlantic powers already possess in the North Atlantic Council an instrument of unity and a forum for consultation regarding policies of general interest. In order to enable the council better to perform these tasks, the ministers agreed to appoint a committee of three ministers to advise the council on ways and means to improve and extend NATO cooperation in non-military fields and to develop greater unity within the Atlantic community. That gives us the scope.

Mr. STICK: They are pretty board terms.

Mr. FLEMING: We are still using the expression "Atlantic community" when applied to members of NATO.

Hon. Mr. PEARSON: That is right.

The CHAIRMAN: Are there any other questions to be asked this morning?

Mr. FLEMING: I see we are still using the phrase "Atlantic countries" to describe NATO members, although, of course, they now include Greece and Turkey.

Hon. Mr. PEARSON: That is right.

There was an amusing incident about the drafting of this communique. This drafting is always quite an exercise at the end of these meetings, especially when ministers get busy with their pencils; we took hours over this one.

The first paragraph began:

The Atlantic powers, seven years ago—By the time we got to the last paragraph we had had a good many intervening sessions, over many hours, finally we got to the peroration, which Mr. Dulles was interested in. He produced a draft of the concluding paragraph and began to read it to the council. It read as follows:

The first eight years of working together—

He was stopped and one member said: "Well, we have been a long time over this communique but I did not realize it had taken a year."

The CHAIRMAN: Gentlemen, would it be agreeable—

Mr. McMILLAN: May I ask one question? I notice, according to the press, that Mr. Khrushchev, I believe it was, said they are willing to admit anybody to Russia, even people in this country who had written articles against the regime. Is that the case?

Hon. Mr. PEARSON: It has not been true in the past, of course, and whether it will be true in the future I am not in a position to say. One way of finding out, Dr. McMillan, would be to apply for a visa.

The CHAIRMAN: Is it your pleasure to sit again on Thursday at 11 o'clock?

Mr. FLEMING: Would the minister be back with us? I still have, I think 12 or 13 of those 15 questions to ask him. I do not say they are all long questions, but they concern matters which have not been touched on yet.

Hon. Mr. PEARSON: On Thursday morning we are holding a cabinet meeting. Next Tuesday would be better for me.

The CHAIRMAN: We might have Mr. MacDonald and Mr. Mathews appearing on Thursday.

Mr. FLEMING: Mr. Chairman, if you wish I would give notice, for the assistance of the officials of the department, that I would like to hear a statement with reference to the blocked currencies that have been made available at any time in the post-war period for Canada's credit, and the state

of the account at the present time with respect to each of these currencies and, perhaps, if it is not too complicated, an indication of the ways in which the blocked currency has been used to account for the difference between the initial amount and the amounts left, presumably, at the end.

Hon. Mr. PEARSON: You would not like to give me advance notice of your 12 questions, would you?

Mr. FLEMING: Surely.

HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

D. E. Macdonnell, Deputy Under-Secretary of State for External Affairs: 237,240 #
minutes of so-called objecting by the way: 224

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

THURSDAY, MAY 17, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

WITNESSES

Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of Finance Division; M. Grant, Head of Supplies and Properties Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.,
and Messrs.

Aitken
Arsenault
Balcer
Breton
Cannon
Cardin
Coldwell
Crestohl
Decore
Fleming
Garland
Gauthier (*Lac-Saint
Jean*)

Goode
Hansell
Henry
Huffman
James
Jutras
Knowles
Lusby
MacEachen
MacInnis
MacKenzie

Macnaughton
McMillan
Michener
Nesbitt
Patterson
Pearkes
Richard (*Ottawa East*)
Starr
Stick
Stuart (*Charlotte*)
Studer—35.

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, May 17, 1956.

The Standing Committee on External Affairs met at 11.00 A.M. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Boisvert, Breton, Cannon, Cardin, Decore, Fleming, Hansell, Huffman, James, Jutras, Knowles, Lusby, MacEachen, MacKenzie, McMillan, Michener, Nesbitt, Patterson, Pearkes, Starr, Stuart (*Charlotte*), Studer. (22)

In attendance: Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of Finance Division; M. Grant, Head of Supplies and Properties Division.

The Chairman called the meeting to order, suggesting that members might wish to question Mr. Macdonnell on the statement made by Mr. Léger before the Committee on April 26, 1956.

During questioning, Mr. Macdonnell commented on the following topics:

1. Personnel recruitment;
2. Communications—Security;
3. Automobile licences abroad;
4. Protective Staff;
5. Rotation of staff;
6. Informational Activities.

Mr. Macdonnell's questioning continuing, the Committee adjourned at 12:40 P.M. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

May 17, 1956,
11.00 A.M.

The CHAIRMAN: Gentlemen, I see a quorum. If you agree with me, this morning we will go back to item 92, the details of which are on page 173 of the blue book and some further details are part of the minute of proceedings No. 3, Friday, April 20, 1956. I would suggest to proceed from the statement made by Mr. Léger, which is part of the minutes of the meeting held on Thursday, April 26, 1956. Gentlemen, this morning we have the pleasure to have as witness Mr. R. M. Macdonnell, Deputy Under Secretary, with whom is Mr. W. D. Matthews, Assistant Under Secretary. Both are willing to answer any questions with respect to the administration of the department.

Mr. FLEMING: I take it that your suggestion is that we proceed on the basis of the statement of Mr. Léger. If so, perhaps it might contribute to orderly discussion, seeing that it is a rather comprehensive statement, if we take it a page at a time or a heading at a time.

The CHAIRMAN: Yes, I will be very glad to do so, Mr. Fleming.

Mr. FLEMING: Perhaps Mr. Macdonnell could begin by saying a word about the situation in the department with respect to personnel, particularly at the officer level. Would he say a word about intake in the year in the category of officers or potential officers?

Mr. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs, called:

The WITNESS: Yes, Mr. Chairman. We are not entirely up to strength, although in the officer groups we hope that we will be close to our establishment when this year's crop of Foreign Service Officers Grade 1 comes in. We have in the year that has passed taken in about 25 Foreign Service Officers Grade 1 from the examinations held a year ago last December. These examinations have become annual affairs now. From the examinations held in December 1955 we expect to take in about 20 officers. As Mr. Léger mentioned in his statement, we think we will probably be taking in about 15 a year in future years. That would seem to be the number which would take care of deaths, resignations, retirements and transfers.

Another point I should mention is that during the year we asked the Civil Service Commission to conduct a competition for a small number of more senior officers, specialists in various fields such as Slavonic languages and studies, Chinese, Arabic, international law, economics, public affairs and so on. We will take in a few people who have done well in those competitions. However, in general, our officer strength comes from the competitions held at the grade 1 level. These people come in, beginning about the 1st of June and on through the summer, after they finish their university year. We will be bringing them in over a three month period. Then we should be fairly well up to strength as far as officers go. We will be considerably under strength in a number of administrative jobs. One of the things we have been trying to do in recent years, and which we will have to continue doing for

some time, is to improve our administrative structure. The very rapid expansion under which the department has operated over the last ten years or more has necessitated emphasis on obtaining Foreign Service Officers, to work both at posts abroad and in the department; and those very essential parts of the department, its administrative services, such as its communications and its registry, tended to fall behind a bit. Now what we are trying to do is to improve and modernize those very essential parts of the department's structure.

In this year's estimates there is provision for a number of new people, principally in communications and also for security, which is an essential part of communications. We are actually 156 under strength at the moment in terms of the new positions which will become available if these estimates are approved. Most of those are in the communications and the security fields, and a few others are in other administrative parts of the department.

Mr. FLEMING: I take it that there is still a more than ample number of competent young men and women offering themselves for appointment as officers and writing examinations?

The WITNESS: Yes, sir. It is very difficult to prove anything, as it is in the case of fishing, regarding "the ones that got away". We are never certain about people who might have decided not to write our examinations. We are getting a very competent group of people and we were pleased when the new salary scales for the civil service were announced some time ago, raising among other things the entering salary for Foreign Service Officers Grade 1. We think this made the job just a little more attractive. There is considerable competition for university graduates in these days and I think the modest increases which have been made in the entering salaries will have an effect in bringing in a few more good people.

By Mr. Michener:

Q. What is the rate of pay for a graduate fresh from the university?—

A. Until this recent adjustment was made we offered them positions at \$3,480 a year.

Q. That is for an arts' graduate—B.A. or M.A.?—A. Yes, and after a probationary period we raised them to \$3,780. The entering salary has gone up and is now, I think, something over \$3,800.

By Mr. Fleming:

Q. Out of how many applicants did you make these 20 new appointments?—

A. Something like 200.

Q. Were the applicants pretty well distributed across Canada?—A. Yes well distributed across Canada. Of course, although the candidates are Canadians, we have been able to arrange with the Civil Service Commission to conduct examinations at centres abroad, at London, Paris, San Francisco and Boston or wherever necessary, but geographically they are several across Canada pretty completely.

Q. Out of the 20 appointments how many were women?—A. Five or six; 25 were appointed in this past year and six were women.

Q. Has there been any change in the qualifications of type of test you are applying to applicants?—A. No substantial change, although in the most recent examination there has been introduced a form of test which the Civil Service Commission thinks is useful. It is an objective test, as it is called, where the candidate is given problems and asked to say yes or no or which is the nearer to something else.

Q. I hope they are not political problems?—A. No, they are not political problems, they are rather a mathematical or logical type of problem.

Q. Political problems do not seem to admit of yes or no answers?—A. The principal parts of the examination are, first of all, an essay with a pretty wide

choice of subjects, intended to offer something to any bright young person. Then there are questions on Canadian affairs generally and on international affairs generally. Those who do well in those examinations are examined orally. A third part of the process is a rating on education and experience."

Q. What about language qualifications?—A. We do not insist on language qualifications. It is rather that a bonus is given for people with languages other than English and French.

Q. Are you still offering instruction to those who are appointed in languages, particularly for the improvement of French or English?—A. At the present time the individual must himself undertake the improvement of his English or French and we are exploring ways in which it might be possible to do something institutionally in that way. For languages other than English or French we are able to do two things. We can pay tuition up to a certain amount from public funds and we can pay a small language allowance at a post abroad to an officer who has demonstrated his capability in that language and who uses it in his work.

Q. Are you sending any officers abroad—I am thinking about junior officers as well as those of more senior levels—to countries where French is spoken either as the principal or second language or as the recognized language of diplomatic communication, who have not got an adequate mastery of the French language?—A. It is hard to generalize. I think it is fair to say that the officers we post to countries where French is a working language, have a good working knowledge of it when they arrive—but they certainly improve it in the course of their posting.

Q. I think you will agree, Mr. Macdonnell, that countries abroad where French is either the principal language or the secondary language, find it pretty hard to understand why those who represent Canada at any diplomatic level are not fully proficient in the French language?—A. I certainly would agree.

By Mr. Nesbitt:

Q. My question is along the same line. Have the basic qualifications for Foreign Service Officer Grade 1 changed, have they gone down or gone up within the last five years?—A. No, they have not changed.

Q. The basic qualifications?—A. The basic qualifications remain the same.

Q. What would you consider the basic qualifications to be?—A. They are spelled out in the announcement made each year. The candidate must be a Canadian citizen with ten years' residence in Canada and with a degree from a university of recognized standing. That is obviously a minimum qualification. We find that the candidates who do well as a rule have done some post-graduate work. It is obvious that a man who has taken an M.A. or perhaps done some further work on a doctorate, has more maturity and more training and is likely to do better on an examination than a B.A. fresh out from the university.

Q. In what age group are members of the Foreign Service Officer Grade 1?—A. The upper limit is 31.

Q. What positions do they fill abroad? Are they First Secretaries?—A. They cannot aspire quite that high to begin with. They start as Third Secretaries or Vice-Consuls.

Q. In regard to the selection, you mentioned a certain written examination and a personal interview and general educational background. Are any letters of recommendation required?—A. Yes, they are required by the Civil Service Commission to submit a number of names of people, some of whom must be people under whom they have studied. Others can be other people. These "referees" as the Commission call them, are asked to give a full account of what they know of the candidate, his ability, background and so on.

By Mr. Michener:

Q. Is there just one set of examinations for entrance into the officer positions in the department?—A. That is right.

Q. That is the only set of examinations the department has for any of its positions?—A. Well, from time to time we hold examinations for a particular job, that is not a Foreign Service Officer job. As I mentioned earlier, during this past year we also held examinations for more senior positions in the foreign service officer group, for specialists in Arabic and Chinese and so on. Our normal practice is to recruit at the grade 1 level.

Q. Are any persons recruited at that level without examination?—A. No, sir.

Q. It is all by competitive examination?—A. Yes.

Q. And during the past year, for example, no one has been recruited except by being chosen through a competitive examination?—A. That is correct.

By Mr. McMillan:

Q. Leaving the matter of personnel and coming to communications, I wonder what the communications are. I am thinking of teletype. Does it mean teletype?—A. I am in some difficulty, because this takes us immediately into the problem of communications security. There is a lot of very complicated apparatus about which a lot of people would like to be better informed. I presume that your question does not deal with the details.

Q. It is inferred here that you must have more guards because of the new machinery?—A. Yes. The reason is that if we install this mechanical cypher equipment it must be under constant guard. It is of such a nature that you do not want ill-disposed people to have access to it, so one has to maintain a 24-hour watch on any of this equipment which is installed. As we are installing more machine equipment now, we find that we need three guards to maintain a constant watch over each of these things at night, in the quiet hours and so on.

By Mr. Fleming:

Q. You speak of this equipment. Are you referring to the telex equipment which Mr. Leger mentioned or is it something additional?—A. That is something additional. Telex is a device which promises considerable economics. It involves the attachment of the teletype machines to the ordinary telephone circuits of an area. Our embassy in Paris, for example, would simply tap out a message, it would go by the ordinary telephone line to another post and you pay for the service simply on the number of minutes that you use the line, which gets you out of having to rent a circuit full time.

Q. Is it a matter of the application of the telegraphic system to telephones?—A. I believe so.

Q. Without trespassing on matters of security at all, Mr. Macdonnell, can you say a word as to the new system of communications? How fast is your system of communications now—or is that getting too close to security matters?—A. No, I think I can comment on that. Where there is sufficient volume to justify the leasing of a circuit, as there is for example, between Washington and Ottawa, you have use of that circuit and your communications are almost instantaneous. Where you have a smaller volume of traffic and you rely on the ordinary commercial carriers, there may be delays although the service is pretty good. One of the advantages of the mechanical equipment which we are installing is that the business of encypherment and decypherment is done automatically and this is, therefore, not a time consuming job.

Q. Have you had any cases within the last two or three years of attempts to tamper with Canadian communications?—A. We have had evidence which suggests that if we did not take very careful precautions there would be breaches in communications security.

Q. Again, I do not want to ask you anything that takes us into the field of security, but does that evidence indicate that the attempt to tamper is being made in Canada or abroad?—A. Oh, abroad.

Q. In all cases you are satisfied that there has been no evidence of any tampering within Canadian borders?—A. Yes.

By Mr. Michener:

Q. Mr. Chairman, I would like Mr. Macdonnell, if he has this information—and I take it he would not in any case have it ready today—to tell us the number of personnel serving outside Canada, the total budget and the total cost of administration of the off-shore work of the department over the period of the department's growth; let us say, the figures for this year, 10 years ago and 20 years ago.—A. I think I could perhaps give you some illuminating figures on personnel.

Q. It might be simpler if you collected those figures and put them in as an exhibit, because it might take some time to look up the details of personnel and expenditure at the 10-year intervals I have mentioned, namely 10 years ago and 20 years ago as compared with the budget this year.—A. Would it be satisfactory to you if we answered that question by taking the votes? You will have noted that we have one vote for departmental administration and another for departmental representation abroad. If we compare the size of these votes, say 10 years ago and 20 years ago would that be satisfactory?

Q. That might be the comparison I want—I am not sure it is all in that vote. You know better than I do.—A. That vote accounts for everything we do abroad.

Q. That is what I want: the number of persons serving abroad and the amount of our expenditure abroad at these 10-year intervals. In addition to that I would like to know the total personnel of the department and the total expenditure of the department for the same three dates at 10-year intervals, eliminating those things which are not purely departmental such as grants to organizations, the Colombo plan and so on.—A. I assume you would also rule out assessments for international organizations?

Q. Yes, so as to arrive at the cost of carrying on this department over these three periods.—A. You would like us to include, I suppose, expenditures on property and so forth?

Q. Yes.

The CHAIRMAN: Is it the pleasure of the committee to have this document printed in the minutes of our meeting? I understand Mr. Michener is asking that this should be done.

Mr. FLEMING: I suppose this would be something on which we would wish to ask questions later.

The CHAIRMAN: Surely with the reservation that honourable members will have the right to direct questions as they see fit.

By Mr. Patterson:

Q. I have two questions to ask, one relating to personnel and the other intended to clarify a point made in connection with communications. I think Mr. Macdonnell stated that an official who was sent to a country where French is the predominant language, would receive a bonus if he were proficient

in that language.—A. No, not for French, nor for English but for languages other than these—Spanish, Russian and so on.

Q. I see. I was wondering whether people who were familiar with languages other than French and English would qualify, but you have cleared up that point.

In connection with Mr. Leger's evidence as given on page 116, I see, half way down the page:

In summary these increases can be attributed to the following:

- (a) the need to modernize and extend our communication system in order to provide more rapid and secure communication without principal posts abroad. . .—A. That is an error. It should have read "with our".

Q. I see. I wanted to clarify that. It is a typographical error, that is all.

By Mr. MacEachen:

Q. How many Foreign Service Officers have you recruited in the last five years?—A. It would be about 100—our intake averages 20 a year.

Q. Do you know what proportion of them have had qualifications not going beyond the level of a Bachelor's degree?—A. The majority have had qualifications going beyond the degree of Bachelor. I would say that competition being what it is it is not very often that you find a person with only a Bachelor's degree appointed.

Q. Have you any breakdown of the successful candidates giving their university of origin, for example?—A. We certainly have records which would tell us that. I do not know what they prove. We have looked at them from time to time and the "spread" across the universities varies from year to year for no clearly ascertainable reason. In one year you may find that quite a group of successful candidates come from the universities in the prairie provinces. Then there may be a year or two in which those universities do not produce very many. There does not seem to be any very definite geographical or regional rule about these things—it varies, I suppose, according to the calibre of the undergraduate population from year to year.

Q. Can you at some stage provide a breakdown of our foreign service recruitment for the last 5 or 10 years indicating for that period the university of origin of the successful candidates?—A. We would be glad to do that. Could we do it for a 5-year period?

Q. That will be fine.

By General Pearkes:

Q. I have one question which is indirectly connected with the personnel of departments serving abroad—one which I raised with the department over a year ago. It deals with licence plates provided by Canadian provinces for motor cars. There is no Canadian licence plate and, therefore, Canadians travelling abroad in cars bearing a provincial licence plate are continually having trouble, perhaps on occasions when they are going to visit one of the employees of the Department of External Affairs in some European capital.

I would point out, as members of the committee know, that individual states in America issue licence plates, too, yet by adding certain designations to the state licences people in foreign countries are able to recognize that the car is an American car. Canada has never done this; Canada does not provide, and neither do the provinces, any addition to the licence plates which would enable a customs official on the border of a European country readily to recognize that a car from, say, Saskatchewan or Manitoba is a Canadian car. I asked the department if they would do something about this, and they said they would get in touch with, I believe, an automobile association, but I would

like to know exactly what has been done, because I am still receiving complaints from Canadians travelling abroad that they are having difficulties with the customs authorities because of the circumstances I have mentioned.—A. Mr. Chairman, I am not personally familiar with the status of these inquiries, but I would be glad to look into the matter.

Q. And let us have a report.—A. I have, myself, not heard of them.

Q. I have had several complaints about it. I wrote to the department over a year ago and the answer I got then was that the department was investigating this matter—that they realized the problem and were taking it up with some automobile association. But I have received complaints since that date, and I would like to know if something could be done, because this situation does put the Canadian tourist in a difficult position—he is questioned about what country he comes from, and so forth.

The CHAIRMAN: Are there any other questions gentlemen?

By Mr. Fleming:

Q. Yes, I am going back to the question of communications. Mr. Macdonnell stated earlier that the personnel of the department of communications would be increased this year by 150.—A. Those will not all be communications personnel—it will be an increase of some 80 in communication personnel alone.

Q. Those will, necessarily, be technical personnel?—A. Yes.

Q. Is there any indication yet whether you are going to be able to find the people you require in the light of the present dearth of such personnel?—A. It is certainly a problem, because there are a good many opportunities for such people to obtain employment, and it is too early yet to say whether we shall be successful, but the Civil Service Commission does hold out some hope that they can recruit the type of personnel we need.

Q. How advanced must be the technical qualifications of the personnel you need?—A. The majority will be tele-typists of maintenance personnel with qualifications which are not unduly high. We need only a small group of what you might call real electronic experts.

Q. Would they be engaged in work chiefly in Ottawa, or abroad?—A. They will be brought into our rotational service as are other employees of the department, to serve either in Ottawa or abroad as their services are required.

Q. Is the immediate need in Ottawa, or does it exist abroad, as well?—A. The greater part of the need lies abroad because we want to install this mechanical equipment in a number of places where traffic is heavy and where there is no equipment of this type at the present time.

Q. A number out of that total of 156 would, I understand, be assigned to the security service? Is that correct?—A. I think I have a note here which would be helpful. The estimates which are before you provide for a number of supervisor posts and 37 additional security guards, which will make a total of 50. We filled some positions last year, and this will give us 50 guards for employment in Ottawa and abroad.

Q. I take it those persons will be simply carrying out the functions of constables, largely, at the offices abroad?—A. Or of watchmen.

Q. There are no technical functions attached to these appointments?—A. No. No technical functions—it is essentially a watchman's job.

The CHAIRMAN: Are they members of the R.C.M.P.?

The WITNESS: The R.C.M.P. have their own personnel problems and they do not find it possible to supply constables for these duties, so we have to recruit separately.

By Mr. Fleming:

Q. Have you any R.C.M.P. constables attached to missions abroad at the present time?—A. We have, but not in connection with security duties of this sort; they are more concerned with immigration work.

I am reminded that there are also R.C.M.P. people in London and in Washington.

Q. But outside Washington and London the role of the R.C.M.P. is security as applied to applicants for immigration?—A. That is right.

Q. That is on the investigation side?—A. Yes.

Mr. MICHENER: And they are there to attract immigrants.

By Mr. Nesbitt:

Q. Are not certain R.C.M.P. officers attached to the Canadian delegation to the United Nations?—A. There may have been, at times, people seconded for security duties during a particular conference, but it is not a regular rule.

Q. Is it permissible, when R.C.M.P. officers are stationed abroad with various delegations or embassies, for them to wear plain clothes, or do they appear in uniform? It would be a good advertisement if they did.—A. That is really for the R.C.M.P. to answer. I think most of their work is done in plain clothes, but I am not certain.

Q. I have one other brief question relating to Foreign Service Officers Grade 2 and 3. Does it ever happen that they go up to Grade one?—A. Grade 1 is the starting point.

Q. I see.

By Mr. MacEachen:

Q. You mentioned that you are conducting competitions in order to secure specialists in certain fields—languages and so on. What provision do you have for recruitment, horizontally, in your various levels of service or among your various grades of officers?—A. On the whole we find it best to recruit at the bottom—at grade one level—and to promote people as their ability develops and as they acquire experience. This recruitment at a more senior level which we are doing this year is an exception to our general procedure, because we feel the need for a few specialists, but I do not think we are likely to do it very often. The normal rule is for our staff to join the department at the grade one level and work up to the higher grades by promotion.

Q. Why do you think that is best?—A. In my opinion, because there is a great deal of value in the experience acquired by people working on the job both at home and abroad. If we are looking for, say, a Foreign Service Officer Grade 4 I would think you would probably get better results from a man who had come in as a grade one officer and worked his way up, spending a number of tours of duty abroad and in this country and gaining a certain amount of expertise and knowledge during that period. I think such a man would have more to offer, as a general rule, than a man who came in because he was, let us say, a good economist or an expert on Slavonic languages; but we are feeling our way, admittedly.

Q. But I take it there would be some real pressure within your own department to have these appointments confined to those who are already on the staff, and if that is the case is there not a danger that this closure would end up by breeding a standard product within the department?—A. Well, I can say that within the past year we have examined a lot of people with a view to bringing in recruits from outside the service—perhaps in order to avoid the possible danger that you mentioned—but we are not going to get very many. There were a lot of applicants but a good many of them did not appear

to have the qualifications which people in our service already possessed. However, I agree with you that there is a danger of having a closed corporation. I think we are aware of that and trying to meet it.

Q. I have in mind a number of persons who have made a career of teaching, either in the universities or elsewhere, or in the law, who in their late thirties or early forties might wish to enter the Department of External Affairs, possibly to embark on a new career to which they would bring specialist skills and qualifications, in addition to experience.—A. You mentioned "law" in particular. We advertised widely for people for our legal division—international law—and the response was not very great. There were some candidates. Then, of course, you encounter another stage when you establish an eligible list and offer positions to people and find they have changed their minds in the meantime—that happens a good many times.

By Mr. Fleming:

Q. What salaries are you offering?—A. At the time this announcement was made we were offering up to \$7,900.

Q. I am interested in the point which Mr. MacEachen is raising because it possibly has wider implications than we have touched on so far. There is always a danger, if you are confining your higher appointments to those already in the department, of the service becoming rather inbred. Then, of course, you would be denying yourselves the opportunity of engaging specialists. On the other hand it is hard to keep up satisfactory morale in the department and attract the best men if there is any ground at all for a feeling that the really desirable senior appointments are going to outside people who have not borne the heat and burden of the day in the department's service, often in the less attractive places abroad. I trust, Mr. Macdonnell, that that fact is never lost sight of in connection with these promotions?—A. Those considerations are certainly very much in our minds.

By Mr. Michener:

Q. Let me say, with regard to that, that the expansion of the department has been such that you could bring people in from outside and still not interfere with normal promotions inside the department.—A. Yes sir.

Q. When you level off, of course, the problem which Mr. Fleming raises would become more serious and I imagine that in the Civil Service it is essential to keep the prospect of regular advancement open for all.

By Mr. Fleming:

Q. You have some quite conspicuous examples of people who have been brought in from outside the department who did not serve in positions on the lower rungs of the ladder. One thinks of the late Professor Skelton, one thinks of Mr. Pearson himself, one thinks of the late Hume Wrong, one thinks of Dr. Mackay, and I am sure there are others too who have served with distinction though they have probably never been in the service of this department at the earlier levels. They could never have done this if it had been insisted firmly that everyone must start on the bottom rung.—A. That is so.

Q. But we have heard some discussion in recent years about the application of the same principles to our senior diplomatic appointments abroad at either ministerial or ambassadorial level. Would it present very great difficulty for you to prepare a statement indicating the proportion of appointments to posts carrying the rank of ambassador or minister abroad which have been drawn from (a) career men in the service of the department and (b) people from outside?—A. We could produce that information, and we have done so in the past, but we are faced with certain problems of definition. I do not

think you would get an accurate picture if you were to confine this simply to people who have come up through career service in the Department of External Affairs on the one hand, and lump all the rest together, because we have a number of heads of missions who have come up through other branches of the public service, for example, through careers in the Department of Trade and Commerce. And you have people like General Pope who had a distinguished military career. So we are always a little puzzled about classification.

Q. Yes, a conspicuous example, I suppose, is Mr. Dana Wilgress whose service was chiefly in trade.—A. Yes, and you have the ambassador in Indonesia, the ambassador in Venezuela, the ambassador in Cuba, and others.

Q. Would it simplify this if you divided it into three classes (a) career men in the Department of External Affairs, (b) those who can be regarded as, in any sense, career men in other departments of the government service, and (c) those obviously chosen from outside who cannot be categorized as career men in the public service.—A. Yes, I think we could do that quite readily.

The CHAIRMAN: Are there any other questions?

By Mr. Nesbitt:

Q. Just one brief question. It was mentioned earlier that with regard to some of our embassies abroad there is a suspicion that the communications might be tampered with. Was this more notable in some parts of the world than in others, or was it general?—A. Certainly it was more notable in some parts of the world than in others.

By Mr. Fleming:

Q. How is it in Moscow?—A. I hope the committee will not press me to go into details about areas.

By Mr. Nesbitt:

Q. You do not have any frog men in the service, do you?—A. No, no frog men. We are not amphibious yet.

The CHAIRMAN: Let us go on to the next subject matter.

By Mr. Fleming:

Q. Then I would like to ask some questions about the period of regular rotation between service at home and service abroad and, later on, about a second aspect of this matter—the wider question of rotation as between the various fields of service abroad. Could you say a word about that? Has there been any change in the present arrangement of rotation as between the periods of service at home and abroad?—A. There is a change developing. It is brought about by the gradual increase in the number of positions abroad compared with those in the department. In recent years the numbers have been just about even, and the practice has been to serve one term in Ottawa and one term abroad, but obviously, as more posts come into existence abroad more time has to be spent abroad, and I think we are just passing, now, the half-way mark.

Q. I see, so those entering the service now must face the fact that it is virtually certain they are going to spend more of their working lives abroad than at home?—A. I think there is no question about that. Incidentally that has been true in the case of a number of officers even up to the present time; it will become more general from now on.

Q. Is there any change contemplated in the length of the periods?—A. The number of postings abroad before an officer is posted back to Canada will reflect the mathematics of the number of jobs abroad and the number at home. The question of the length of stay is governed to a considerable degree by the living conditions—the climate, the psychological conditions and so on. There

is a schedule which applies to all posts in the Canadian government service—it applies to the departments of Trade and Commerce, Health and Welfare and so on as well as to our own; the normal tour is 3½ years in a place where living conditions are reasonably good, and at the end of that 3½ year period the officer or the employee concerned, is entitled to home leave after foreign service. But going down the scale you come to 3 year posts 2½ year posts and 2 year posts where conditions are more trying. Moscow, for example, is a two year post. A person serves there for two years and is then entitled to home leave. Under our present practice they would probably expect to be posted back to Ottawa here, although not necessarily.

Q. I take it that it is a matter of local conditions based on the factors you mentioned, and there is no change in policy contemplated in general?—A. No.

Q. You have to revise the period of the postings in individual cases as circumstances might change.—A. Yes, and you are always faced with the problem of trying to get the right man into the right job. It may upset your general pattern, but if you have a man whom you think might be particularly good either in Moscow or here, you try to put him there.

Q. In your answer to the second part of my question in regard to the relative period of service in different posts abroad there is nothing you have to add?—A. I do not think so.

Q. You mentioned earlier that out of 25 appointments over this last year, six were women. I take it that women are coming into the services for appointment as officers on the same basis as men and that they have equal rights to appointment abroad?—A. That is right.

Q. There is no distinction drawn at all?—A. There is no distinction drawn at all, although we must recognize the fact that what we call the "postability" of a woman officer is, for reasons which we cannot control, more limited than that of a male officer. There are some parts of the world where women foreign service officers might be somewhat handicapped. But those areas are narrowing all the time, and our women have proved themselves to be extremely useful in many parts of the world.

Q. What about the posting of women at levels other than officer appointments, for example, stenographic and clerical services?—A. There we operate again on a rotational system. A competition is currently under way, being held by the Civil Service Commission, offering stenographic appointments to people who will serve at home and abroad, and they usually rotate, one for one, with a post abroad and then a post back home.

By Mr. Michener:

Q. What is the highest position to which a woman officer has risen so far?—A. I think the job of Chargé d'Affaires in Lebanon. Miss MacCallum is just coming back from doing a very good job there indeed, and we have a number of women moving into the senior grades of Foreign Service Officers at post abroad as well as in the department.

The CHAIRMAN: Are there any further questions? If not, let us go on to the next item "Informational Activities". This matter comes under item 92.

By Mr. Nesbitt:

Q. There is one thing I am curious about. It says for the purpose of supplying information to Canadians who are travelling abroad that we are increasing the amount this year from \$2,000 to \$10,000. Does that \$2,000 item which was spent or earmarked last year include all publications with respect to external affairs which are used at home? For instance, the little book of Mr. Cavell's on the Colombo plan, chose for the information of the armed services, and those nice books on the Colombo plan which are put out—"Change in Asia" was the title of one of them; are some of these publications

put out under the appropriation of the Department of External Affairs, or by means of other government departments?—A. First of all let me point out that the particular item to which you refer here—the increase from \$2,000 to \$10,000—is designed to provide for the presentation of books abroad. As you will see, we intend to put more emphasis on the purchase of publications for distribution particularly in the Colombo plan area. We have been able hitherto to provide some books, as gifts but it was thought desirable to go a little bit further and put into libraries, universities, and other places in Pakistan, India, Ceylon and so on, some books of a fairly serious nature which would tell something of Canada in all its aspects. That is what we are trying to do here.

On the broader question which you raised, there is a good deal of consultation among government departments which are carrying on informational activity abroad. Trade and Commerce do a good deal; Citizenship and Immigration for their part are anxious to provide material which will be of interest to potential immigrants; and there is an inter-departmental committee on information abroad—which is chaired incidentally by our department—on which are representatives of the departments engaged in any way in this work abroad; the Exhibition Commission; the C.B.C. International Service; the National Film Board; the Department of Agriculture; and there is quite a long list. One of the useful things which that committee does is to prevent over-lapping, or indeed to avoid gaps. If, for example, Trade and Commerce is considering putting out a pamphlet or a brochure or anything of that sort, they may find that the immigration people could use a supply, and you get into volume production; but each department has its own vote and it produces what it needs in its particular line of work.

Q. External Affairs distributes some of this material?—A. Yes, we do a lot of distribution because we have more outlets abroad than any other single department.

Q. How much was spent last year by the Department of External Affairs on publications which are largely or exclusively for distribution in Canada, and on all publications that are exclusively for distribution in Canada, regarding departmental activities such as the Colombo plan and various other publications?—A. I will see if I have that. I do not think, Mr. Chairman, that with the material that we have here we can answer that question at the moment because our accounts do not necessarily show which publications are used abroad and which at home. Some are used in both places; for example, the External Affairs Monthly Bulletin has a considerable circulation in Canada, and also quite a circulation outside.

Q. What was the total expenditure on publications last year?—A. For 1955-56 the publication of departmental reports and other material amounted to \$100,000. That was the vote. I cannot say precisely how much of the vote was spent. That includes, you see, such things as our Treaty Series. All these publications are put under the one heading, which includes "Canada in Pictures", "Canada from sea to sea", the Treaty Series, our report "Canada and the United Nations"; as well as a number of minor publications. I am told that the expenditures amounted to \$98,000.

Q. \$98,000; I realize that you won't have this information probably at the moment, but maybe you could get it for us at another time. There was one publication which came out last year regarding the Colombo plan which was called "Change in Asia". It was a very nicely printed publication and there were a great many pictures in it. Could you give us the cost of that publication?—A. I doubt if that was our publication. We will look into it and see. I do not recall the department having issued such a publication.

Q. It came out having to do with the Colombo plan. Would they have done it separately?—A. There is a small Colombo plan information office in

Colombo which produces a certain amount of informational material and it might have originated there.

By Mr. Michener:

Q. Our Colombo plan administration is not in your department in any event.—A. That is right.

Q. It comes under the Department of Trade and Commerce.—A. That is right.

By Mr. Fleming:

Q. Picking up the last point about the Colombo plan, \$10,000 is provided this year for the purchase of books and subscriptions for presentation to Colombo plan countries. What are to be the channels of distribution? Are you seeking to do it at library level, university level, and school level, or at what we might call the commercial level?—A. We are thinking more in terms of what you might call the library and university level to try and make the material available to people who could be regarded as thoughtful students of affairs, and preferably we want the books to go as far as possible.

Q. In other words you will be selecting the material which you will be proposing to send abroad?—A. Yes.

Q. Rather than just to send what one would call reviews of current affairs.—A. Yes, we are looking for good standard works, perhaps on the Canadian economy, or Canadian culture, or on any aspect of Canadian life which we think would bring about a better understanding of how we live here and what we think about.

Q. I wish you would mention Canadian history as well.—A. By all means!

Q. Who will be making the selection? Will it be done in your department?—A. Yes.

Q. Has any tentative selection been made as yet for this larger distribution?—A. No.

Q. I think it is a tremendously important opportunity to make sound Canadian books, recognized as Canadian books and well authenticated as to scholarship, available in those countries, and for my part I think it is one of the best opportunities we have. To give you an example, I was in a college in Uganda a year and a half ago where I went through the university library. It will be the university for East Africans, as well as for Europeans, but I did not find many Canadian books in that library. I was disappointed. There were a few of course, but there were too few in relation to what we consider to be the importance of this country. So I think the selection of the books you are going to send is something of tremendous importance.—A. We shall attach a good deal of weight to the recommendations we receive from our posts in the area as to the sort of places to which they might best be presented, and the sort of subjects which might be regarded as most useful in a given area. Then we will have to make a selection on the best advice we can get.

Q. Where do you go for advice, apart from the missions abroad?—A. Well, we will I think consult informally in university and business circles and so on, having in mind particularly the people who have some interest in and knowledge of an area.

Q. University libraries, I should think, in this country, are as well placed as anyone to offer advice.—A. And we have our own national library at its present stage.

Q. Yes, and in regard to information services abroad, they come under the direction of this department in all cases, do they not?—A. Yes. I do not think that any other department has a person abroad who is labelled as a full-time information officer, although obviously people in immigration posts and in Trade and Commerce are doing work of that nature.

Q. Well, I suppose it is inevitable in the field of information that you receive criticism of the kind of information which is purveyed abroad about Canada, by government information services. I suppose we all hear criticism of that kind, but I am immediately concerned with the questions of what steps you are taking to meet criticism of that type—in other words to see to it that the information which is going to particular places abroad is of a kind that is going to be accurate and which will serve Canadian interests. You are dealing with a pretty broad field here, and the kind of information about Canada that would be particularly useful, let us say, in Tokio, might not be the kind you might be disposed to use to the best advantage in, let us say, Korea. What in general is the effort of the department in the matter of criticism which does come from abroad concerning the type of information you are circulating abroad?—A. We approach that problem again from an interdepartmental basis. We get together representatives of the departments with interests in an area, and try to establish a rough degree of priorities. In a given area, for example, commercial information obviously takes top priority. In other areas perhaps it would be information about activities in international affairs generally, what we are doing in NATO, what we are doing in the United Nations and other places; perhaps the immigration side will come to the fore. Then again you must take into account the like and dislikes of other governments. As you can readily imagine, there are parts of the world where there is resistance to any sort of recruiting of immigrants. So you have the objectives of the various departments of government concerned and you have local conditions to meet and you try to match them as best you can.

It is a difficult field in which to make judgments and decisions because of the obvious fact that there is no limit to the amount of informational work which you could undertake if personnel and money were unlimited; and with a given budget you have to decide what are the most important things to do and how best to do them. It is not necessarily a matter of sending material abroad. For example, we find that one of the most useful ways of spending public funds on informational activity is by giving some assistance to reputable journalists from abroad who want to come to Canada. We can help them to meet the people that they want to see, and to travel a bit.

Q. Excuse me, does that include any form of financial assistance?—A. It does. We have a small amount available for visits of journalists. Most of that is used in an annual tour that has taken place in the last few years, with travellers from NATO countries. I imagine you have met some of them. They usually come here in the summer, and you get a pretty good group of NATO journalists who wish to come to Canada. They are taken to a good many centres here, not merely to military areas, but to industrial developments and other areas. These people have been out to Kitimat, and to Arvida, and a number of places.

If you are thinking in terms of trying to get a story across in, let us say, another NATO country, you are apt to achieve the most satisfactory results if it is written by a man who represents a news service or newspaper in that country itself. He knows what audience he is writing for and what they may be expected to be interested in, and his story does not have any tinge of being a foreign government's propaganda output. We consider this a pretty useful development.

Q. What is the amount that has been expended for that particular purpose in the last year or two?—A. In 1955-56 we had \$6,600 for this type of activity which I think was about all spent. In fact, it was all spent.

This year we have in our estimates an additional \$3,000, and we hope to be able to continue the NATO tour and to be able to help occasional other travellers.

By Mr. Michener:

Q. Have you contributed to the tour of any editors from the United States coming to Canada?—A. By helping to arrange their visits. We do not feel the need to subsidize them in getting here because they can usually afford to travel. But it is more difficult sometimes for journalists coming from Europe, Asia and Latin America.

By Mr. Patterson:

Q. Is there any assurance that after these tours are completed they will go back and write articles which will present Canada in a better light?—A. There is no hard and fast assurance in advance, but we have seen the stories that these people have written and in our opinion they form one of the best types of Canadian information activity abroad that you will find anywhere.

Q. You feel that the expense has been justified from what you have seen of the kind of stories that they have been writing.—A. Oh yes indeed.

By Mr. Michener:

Q. I would like to ask about the means of co-ordinating the different sources of Canadian information let us say, in any one country. You have your own mission?

By Mr. Fleming:

Q. Since Mr. Michener's question is going on to a larger field, perhaps I might ask a question or two about newspaper men, and journalists from NATO countries. I think that while the department does not actually provide financial assistance to American editors, and journalists who may come here, there is no place where trips to Canada of an informative and educational nature are more needed or would be more fruitful than from that particular group.—A. I agree with you. Indeed our offices in the United States and particularly our offices in Washington and New York are very active in interesting such people in coming up here; and our own department as well as other departments of government do a good deal to work out itineraries for them and to put them in contact with the people they want to see. It is a very rewarding form of activity.

Q. My other question relates to the matter of selection of these journalists from NATO countries who are to be afforded this opportunity. How are they selected?—A. It is largely a matter of arrangement between the NATO information service—NATO has its own information service in Paris—and the various information agencies in NATO countries. We do not have much of a hand in selecting the individuals, but experience has shown that the people who are selected are responsible and reputable journalists.

Q. I am thinking of this small appropriation, and of making the most effective use of it. I take it that you do not pay the entire expenses of journalists coming to Canada?—A. No.

Q. You could not have very many of them with a small appropriation like that. How many came to Canada last year?—A. Well, under the NATO tour there would probably be two from each of the European NATO members.

Q. That is to say there would be about 20 journalists who came to Canada and received some small financial assistance and other cooperation from the department in arranging the tour?—A. This again is a matter of inter-departmental cooperation. The Department of National Defence can provide some air transport, while our department provides subsistence for them while they are here.

Q. They came as a group and in that way they facilitated transportation and other arrangements?—A. Yes.

Q. And I suppose that helps to keep down expenses as well?—A. Yes.

Q. It is tremendously important and there is no question but that it is one form through which you have an opportunity of actually explaining a sound understanding of Canada abroad where it can be most useful.—A. That is the theory on which we are operating.

The CHAIRMAN: Would you mind if we adjourned now?

Mr. FLEMING: May I give notice in order to expedite matters, so that Mr. Macdonnell may bring this information to us at the next meeting? May we have the figures of circulation or distribution of the various informational publications which are furnished by the department.

The WITNESS: Yes.

Mr. FLEMING: And at the next meeting would he be prepared to say something about the integration of our trade services abroad with the work of this department?

The WITNESS: Yes.

25, 1956

HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

CAI XCII 1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

TUESDAY, MAY 22, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statement by The Honourable L. B. Pearson, Secretary of State
for External Affairs.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

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MacKenzie
Macnaughton
McMillan
Michener
Nesbitt
Patterson
Pearkes
Richard (*Ottawa East*)
Starr
Stick
Stuart (*Charlotte*)
Studer—35.

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 22, 1956

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Boisvert, Breton, Crestohl, Fleming, Hansell, Henry, James, Jutras, Knowles, MacKenzie, Macnaughton, McMillan, Mchenier, Patterson, Starr, and Stuart (*Charlotte*).—(16).

In attendance: The Honourable L. B. Pearson, Secretary of State for External Affairs; Mr. A. A. Day, Special Assistant to the Secretary of State for External Affairs; Mr. A. S. McGill, Executive Assistant to the Secretary of State for External Affairs.

The Chairman called the meeting to order and announced that the Secretary of State for External Affairs was now in a position to answer several questions asked him at a previous meeting held Tuesday, May 15, 1956.

In answering the questions, Mr. Pearson referred to the recognition of China and the status of Formosa.

During subsequent questioning, Mr. Pearson commented on the following topics:

1. Communist influence in Europe and Asia;
2. Statements by Mr. Khrushchev;
3. Economic assistance to Asia;
4. Africa—political and economic aspects;
5. Economic activities of the United Nations;
6. Diplomatic visitors to Canada;
7. Access to atomic research centres—Russia—England.
8. Liberation of oppressed peoples.

Mr. Pearson's questioning continuing, the Committee adjourned at 12.45 p.m. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

TUESDAY, May 22, 1956
11.00 A.M.

The CHAIRMAN: Well gentlemen we are very lucky to have a quorum this morning. We will start with the minister and he will answer questions which were put last week.

Hon. LESTER B. PEARSON (*Secretary of State for External Affairs*): Yes, Mr. Chairman I think that at the meeting before last both Mr. MacKenzie and Mr. Fleming asked some questions regarding the recognition of Red China—the number of governments which have recognized communist China, and so on, and I have answers to these. The first question I was asked—I think it was by Mr. Fleming—was which of these countries distinguish between qualified and unqualified recognition of China; that is to say, whether some governments include Formosa and some exclude Formosa.

The governments which have recognized the Peking regime have done so by correspondence between themselves and that regime, and that correspondence, with one exception, not unnaturally, has not been disclosed to the Canadian government. Even if it were disclosed, the interpretation of the correspondence and the question of determining whether the countries granting recognition were including or excluding Formosa would be a matter with regard to which only the governments concerned would be competent; that is, unless the matter was dealt with explicitly the interpretation would depend entirely upon the intent of the government granting the recognition and that interpretation could only be given by the government itself.

The one exception, whose declaration we have seen, makes no specific mention of the status of Formosa.

There is another question which is related to the one I have just tried to answer and that was asked by Mr. Knowles. He asked: which countries recognize communist China but claim that the status of Formosa remains to be determined. The United Kingdom government has publicly stated that it considers that the status of Formosa remains to be determined. The treaty of peace with Japan which came into force in April of 1952 removed Japanese sovereignty from Formosa, as members of the committee know, but it did not transfer that sovereignty to any other country. Therefore the 50 states which are parties to that treaty may well share the United Kingdom view that the status of Formosa remains to be determined, but, there again, that is a matter for each government to decide for itself and in the absence of some public statement such as was made by the United Kingdom foreign minister a little over a year ago in which he defined the United Kingdom's position, there is no way in which this information is available to us.

Then there was a question asked, I think, by Mr. Fleming and Mr. MacKenzie concerning the dates of recognition of the Peking regime *de facto* and *de jure* by all countries which had accorded recognition. Instead of reading these dates, which would take some time, I suggest they be placed on the record of the committee at this point if that course is agreeable.

Recognition has been granted by the following members of the United Nations:

Afghanistan	Before April 20, 1950
Albania	Probably October, 1949
Bulgaria	Probably October, 1949
Burma	About December 17, 1949
Byelorussian S.S.R.	Probably October, 1949
Ceylon	About January 6, 1950
Czechoslovakia	Probably October, 1949
Denmark	January 9, 1950
Finland	Before April 20, 1950
Hungary	Probably October, 1949
India	December 30, 1949
Indonesia	March or April, 1950
Israel	Before March 9, 1950
Netherlands	About March 27, 1950
Norway	Before April 20, 1950
Pakistan	January 5, 1950
Poland	Probably October, 1949
Roumania	Probably October, 1949
Sweden	January 14, 1950
Ukrainian S.S.R.	Probably October, 1949
United Kingdom	January 6, 1950
U.S.S.R.	October, 1949
Yugoslavia	Probably October, 1949

The following non-members of the United Nations have in addition granted recognition:

Switzerland	January 17, 1950
North Korea	Probably 1949
Outer Mongolia	Probably 1949
East Germany	Probably 1949
North Vietnam	January 15, 1950

There are 23 members of the United Nations who at the time this question was asked had recognized the Peking government as the government of China and, as will be seen, the dates of such recognition are in 1949 and 1950. In addition, Egypt recognized the Peking regime a few days ago or, rather, announced its intention to recognize the Peking regime. This will bring the total of United Nations members to 24. The following non-members of the United Nations have also granted recognition: Switzerland, North Korea, East Germany, North Vietnam and Outer Mongolia, which makes five, though we do not recognize all of them as states. Outer Mongolia is not yet a member of the United Nations. So there would be 24 members of the United Nations and five others that have granted recognition.

We do not know that the recognition granted by Denmark, India, Pakistan, Sweden, Switzerland and the United Kingdom is *de jure* but there is no specific information available to confirm that the recognition granted by the other states is *de jure*. Although it is almost certain that it was, it is not mentioned as such in their recognition.

The question of *de facto* recognition, which has been brought up, is more difficult to answer. *De facto* recognition is a matter of deliberate statement, not of implication or inference. Some of the governments which participated in the Geneva conference in 1954 on Korea and Indo China specifically stated that their presence on that occasion in company with representatives of the Peking regime did not constitute recognition of that regime in any way.

Similarly, I believe, the United States government in allowing its ambassador to Czechoslovakia to enter into discussions with the Chinese ambassador to Poland at Geneva in 1955 was careful to state that this action did not constitute any form of recognition. Nevertheless, the fact that other governments which do not formally recognize the Peking regime have held discussions with it suggests that they have at least taken cognizance of the existence of the Peking regime as a government administering a territory and carrying weight in international affairs, at least to a point where it is necessary to deal with them in certain matters. That does not of course constitute recognition in a legal sense either *de facto* or *de jure*, but it does constitute recognition of the fact that the regime exists and has to be taken into consideration in certain international discussions.

Those I think were the questions which were asked, Mr. Chairman, about China.

The CHAIRMAN: Are there any further questions?

Mr. KNOWLES: Mr. Chairman, may I ask Mr. Pearson this question—I am picking my words carefully because I do not want it to appear to be a leading question; if I want to ask a leading question I will make it plain that it is one. I take it that any consideration which the Canadian government might be giving to the recognition of China on any basis whatsoever would be similar to that accorded by the United Kingdom in that it would separate Formosa from the mainland of China on the basis that the status of Formosa is something yet to be settled, say, in the United Nations?

Hon. Mr. PEARSON: Mr. Chairman, I think the government has made it quite clear that in its view the status of Formosa remains to be determined and that any recognition which might conceivably be given to the government of Peking at some time in the future—and I am choosing my words very carefully—would not necessarily extend to Formosa. We have gone a little further than that and we have said on more than one occasion that we would certainly not be a party to any action which would hand over the people of Formosa against their will to a communist regime centred in Peking; in other words in the determination of the status of Formosa in the future the will of the people of Formosa should be a governing consideration.

Mr. KNOWLES: You will agree that that would also apply with respect to the regime that now claims control of Formosa? Eventually the people of Formosa would have “the say”?

Hon. Mr. PEARSON: I think that this consideration would apply to the relationship of Formosa to any Chinese regime.

Mr. MACKENZIE: I take it you mean by that, the so-called free vote?

An Hon. MEMBER: Why a so-called free vote?

Mr. MACKENZIE: Because some of these countries do not have a free vote.

Hon. Mr. PEARSON: I think the people there should be given the opportunity to determine their future in some appropriate way when the time comes for such determination to be made. At the present time about the only thing on which the two regimes agree is that Formosa is a part of China; the nationalist government of Formosa is as emphatic on that subject as the communist government in Peking.

Mr. KNOWLES: Just for the record, and since the minister has referred to the fact that some 50 countries were signatory to the peace treaty with Japan which removed Japanese control over Formosa, but without handing it back to the Peking regime, which are the most important countries not signatory to that treaty?

Hon. Mr. PEARSON: The most important of them was the Soviet Union; I cannot remember, offhand, the other countries which did not sign the treaty. India did not sign at that time but I think she has acceded to it since. But I would like to check that.

Mr. KNOWLES: Canada was of course a signatory?

Hon. Mr. PEARSON: Canada was a signatory.

Mr. FLEMING: If we have finished with that subject—a subject through which Mr. Pearson has had to tread as carefully as if he were stepping over broken glass—

Hon. Mr. PEARSON: In my bare feet, too.

Mr. FLEMING: —I would like to return to the subject of NATO with which we were dealing when the minister was last here, and to ask some questions about its future and what may be regarded as steps being taken to strengthen it in face of skilful Russian efforts to weaken it. I take it, Mr. Pearson—I think you said this at the last meeting for which the proceedings are not yet printed—that there is no question about the Canadian government being as strongly in support of NATO as ever it has been?

Hon. Mr. PEARSON: I agree with that.

Mr. FLEMING: How do you size up the strength of NATO now in face of the latest Russian efforts—and one may call them skillful efforts—to weaken it and in the light of the feeling, perhaps understandable, in some countries that the period of greatest danger is past?

Hon. Mr. PEARSON: Well, Mr. Chairman, I size it up—as Mr. Fleming has put it—in this way, namely that NATO is in the process of adjusting itself to a new situation created in large part by the change of Russian tactics and also, partly as a result of that change, by a feeling that the threat of military aggression is not as great as it was. The problems of what we have referred to as competitive co-existence are, on the other hand, increasing in complexity and importance and NATO should adapt itself to this changed situation.

Mr. FLEMING: Do you think that NATO is as strong today, speaking in terms of physical strength, armed strength and also the will to resist, as it was, let us say, a year ago?

Hon. Mr. PEARSON: I think the question of its armed strength is one of fact and I think I would be correct to say that its armed strength has not decreased in the past year; I think it has increased, although it is true that some elements of that armed strength—I am thinking here of the French army—have been temporarily moved to North Africa. During the year there has been a strengthening of NATO forces in quality, equipment and organization; moreover, the German federal republic has made some progress during the year in laying the foundation of its armed forces. So, on the whole, I think there has been no weakening.

Whether the will to resist is as strong as it was is a matter of opinion. I think the will to resist, collectively, any military aggression on any of the NATO countries is as strong as it was.

Mr. FLEMING: I see there is a report in yesterday's paper of a gathering in Moscow where the visiting French leaders were entertained by Mr. Khrushchev, who undertook to make the assertion that the question of the liquidation of NATO had been raised, to which the American ambassador, Mr. Bohlen, made a definite denial. He said:

You must recognize NATO as a fact of life. It exists.

But Mr. Khrushchev persisted and said: "There has been talk about the liquidation of NATO."

I take it there has been no talk about liquidation on the part of any of the nations that are parties to NATO?

Hon. Mr. PEARSON: On the contrary there has been a great deal of talk, especially at the last council meeting, about strengthening NATO in regard to non-military matters particularly; and it may well be that Mr. Khrushchev when he referred to this talk of the liquidation of NATO was giving his own interpretation to the establishment of this subcommittee of three ministers which may have been represented in the Soviet press—I just put this forward as speculation—as a subcommittee charged with the duty of liquidating NATO. We know on the contrary that it is a subcommittee charged with the duty of making recommendations which will strengthen NATO.

Mr. FLEMING: In that regard the position of the United States is, of course, extremely important. I recall the pledge which was given by President Eisenhower and reported in an Associated Press dispatch of March 10, In the words of this report from Washington:

In a special message to the premiers of seven European allies the president said the United States will keep units deployed in and around Europe while a threat to that area exists.

All these prime ministers were, I think, members of NATO. The paragraph states:

President Eisenhower pledged that the United States will continue to maintain a fair share of its land, sea and air forces in Europe to guard against communist attack.

I take it that at the last council meeting there was no indication of any weakening of the American resolve to maintain the strength of its physical contribution to NATO strength?

Hon. Mr. PEARSON: That is right. Moreover, the position of the United States, the United Kingdom and Canada was stated at the final session of the London conference on October 3, 1954. On that occasion the United States' position was stated formally along the lines of the statement which you have quoted from President Eisenhower. The British statement was that they would continue to maintain on the mainland of Europe, including Germany, the effective strength of the United Kingdom forces now assigned to the supreme allied command in Europe, four divisions and the tactical air force or whatever the supreme allied commander regards as equivalent fighting capacity. The United Kingdom undertook not to withdraw those forces against the wishes of the majority of the Brussels treaty powers, who should take their decision in the knowledge of the views of the supreme allied commander in Europe.

The reference to "equivalent fighting capacity" recognizes the possibility of changed formations, changed tactics, and changing organization of fighting forces.

That was the position of the United Kingdom as stated at that time and as far as I know it has not changed. The Canadian position, which I attempted to state while I was at this conference reaffirmed the resolve of the Canadian government to discharge the continuing obligations arising out of its membership in NATO and its support of the objective of European unity. I said at that time—and this has been made public:

As far as we are concerned, the North Atlantic Treaty Organization remains the focal point of our participation in collective defence and of our hope for the development of closer co-operation with the other peoples of the Atlantic community. As such, it remains a foundation of Canadian foreign policy. While we emphasize, then, our belief in the

North Atlantic Treaty Organization, we welcome the proposed extension of the Brussels Treaty. We shall look forward to a growing relationship, within the framework of NATO, with the new Brussels Treaty Organization, composed of countries with whom we are already bound by such close ties.

That remains our position in regard to NATO. Having said that—and I have said this at NATO council meetings, and so has the Minister of National Defence—I should add that we regard North America as an integral part of the NATO areas, and the defence of North America is as much a defence of NATO as the defence of the Rhine or areas further east.

Mr. FLEMING: I will carry this matter just one stage further, and the next question is given additional point by the fact that at this same meeting in Moscow to which I referred, Mr. Khrushchev is reported as having proposed a toast to the liberation, I think it was, of captive states; anyway, he used words to that effect. It will be remembered that on December 30 the White House came out with a clear reaffirmation of policy. It was reported in the press dispatch of that date:

The White House reaffirmed today the intention of U.S. foreign policy to achieve the successful, peaceful liberation of "captive peoples".

That was a statement with the approval of President Eisenhower and Mr. Dulles. The report continues:

The peaceful liberation of the captive peoples has been, is, and, until success is achieved, will continue to be a major goal of United States foreign policy.

What is the position of the Canadian government with regard to this question?

Hon. Mr. PEARSON: I stated, Mr. Chairman, I believe, at the first meeting which I attended, in answer to one or two questions—I cannot repeat my exact words but I can repeat the policy of the government, though possibly in different words—that it is our policy to support any move which would make it possible for people who have lost their freedom, to recapture it and that applies to a good many countries under Soviet rule both on the periphery of Soviet Russia and, indeed, inside Soviet Russia. Their peaceful liberation is something we support, and when Mr. Khrushchev lifted his glass and proposed a toast—and he does that quite frequently—to the liberation of the captive peoples he was, if I may use a colloquialism, leaving himself "wide open" because that is a toast to which we could all respond with great sincerity since a great many of these captive peoples are now captive to the Soviet Union. Possibly you can take some encouragement from a toast of that kind if Mr. Khrushchev meant it in that way, which is doubtful.

Mr. CRESTOHL: No doubt his conception of enslaved people is different from ours.

Mr. FLEMING: No doubt it is. I was just wondering why the western countries—and perhaps your committee of three has this in mind—do not take up opportunities such as that together with others of the kind presented by Mr. Selwyn Lloyd. You may remember that when he was in Ottawa in January he quoted a remark made to him by Mr. Khrushchev, as follows:

I cannot understand why anybody should enter a country except to pump out.

I should have thought that remark was worthy of the widest circulation in the east and in all those parts of the world where the Russians are seeking

to extend their influence and conducting these propaganda attacks upon what they call the policy of western colonialism.

Hon. Mr. PEARSON: That statement, Mr. Chairman, was given very wide circulation in the agencies of propaganda of the non-communist countries of the west. It almost rivals in that respect the remark—unfortunate from his point of view—made by Mr. Vishinski some years ago in Paris—the statement that when he heard the disarmament proposals of the west he “could not sleep for laughing.” As I said, this “brick” from Mr. Khrushchev was given a great deal of publicity. Incidentally, the toast which he proposed a few days ago and which Mr. Fleming has just mentioned has already been used by the information agencies, at least of the United States, because I have seen some reference to it already in their press and propaganda.

Mr. FLEMING: We have already looked at the more detailed aspects of the next question I propose to raise, Mr. Chairman, but could the minister make a broad estimate of the position of communism in Asia? Has it made strides within, let us say, the past year or year and a half?

Hon. Mr. PEARSON: Well, Mr. Chairman, Asia is a big place and it contains, I believe, about 900 million people—

Mr. FLEMING: We have already had a look at the individual countries and I am wondering whether you are now in a position to take a bird's-eye view of the whole thing and make an estimate of how this lies, in balance.

Hon. Mr. PEARSON: I do not profess to be able to speak with any certainty on this matter but my own opinion is that communism has not made any great progress in Asia in the last 12 months. In those countries in Asia where there have been elections it is possible to get some indication of the progress or lack of progress that communism is making. It has not made great strides in India. The communists are, I think, the third largest party in Indonesia as a result of the elections held in that country, but there are seven or eight non-communist parties and the total non-communist vote was, of course, very much larger than the vote cast in favour of the communist candidates. In Burma an election was held a little while ago and the communists made some progress, but I would say that by and large the position has not changed in the past year in any Asian country, at least in the direction of communist growth.

One reason for that must surely be that most of the Asian countries are now free—their freedom is recognized and they are accepted as free states in the world. For this reason the communists cannot exploit in these countries the urge for national freedom which they have been very skilful in doing in the past. In addition, economic conditions have not deteriorated in those countries during the past year; help has been given to those countries and there are indications that conditions are improving, though that is a very slow process. That improvement, if it is taking place, does of course remove another ally of communism—destitution and distress—which, also, the communists have been very skilful in exploiting for their own purposes. So I think on the whole that the non-communist forces, the democratic forces, have been holding their own in Asia.

Mr. FLEMING: You will remember the rather striking statement made by Sir John Kotelawala, the former Prime Minister of Ceylon, in Manila, last December, when he said if Asia's masses come to believe in communism they—and I quote—“could easily march to Kingdom Come and the west would not last 10 minutes.” Then he went on to urge the raising of living standards among the Asian masses and the introduction of education to show the benefits of democracy to the common man in the east. He said:

You have to educate the masses, to show them the benefits of democracy. The common man in Asia does not know the difference—

communism, democracy or what else. All he cares is that his stomach is filled. You have to teach them the benefits of democracy.

We have had two very interesting meetings with Captain Cavell, reviewing details of the Colombo plan and I think it is probably fair to ask you a question in general terms about the aid given through that important agency. In view of the size of the problem in Asia and the strategic place it holds in communist world planning, do you not think we ought to be doing more, together—so far as they can—with other donor countries which are parties to the Colombo plan, to increase the aid being made available, inasmuch as that will contribute to combatting the Kremlin strategy in that area of the world?

Hon. Mr. PEARSON: Well, there is lots of room in the Asian countries for more assistance; the things that could be done are unlimited but, as I have said before—and I am sure you agree—the pouring of millions into Asian countries, for such purposes without planning and control and steps to make sure that the money will be well spent for constructive purposes, would not solve the problem. I think, also, that how you do the things is as important as what you do; and the spirit behind the action taken has as great an effect on public opinion in Asia as what is actually done. This is one reason why the Colombo plan has been so successful; there is no feeling among Colombo plan nations, or the delegates at the annual ministerial meetings, that some are giving and some are receiving—that some are donors and some are charity patients. There is no feeling of that kind—there is a feeling of equality and a recognition of need, and recognition of the fact that it is a privilege to help in meeting these needs.

If all aid programs were conducted in that way it would add a great deal to meeting the problem you have mentioned. I think there is a growing recognition of that fact. The amount of aid has also increased in the last year or two, with regard to the Colombo plan, but there is always room for more. There are, of course, other demands and other claims on the available Canadian resources.

Mr. FLEMING: Well, that is a cautious statement, Mr. Pearson, and if that is as far as you care to go on the subject I will not press it. I thought you might have added to it.

May I ask a similar broad question with regard to Africa? Here we have some new and changing factors. You will remember one article by Drew Middleton in which he summed up the position in this way:

The British government is gravely concerned over evidence that Russia intends to use her foothold in Egypt as a starting point for a campaign of communist infiltration and subversion in Africa.

The article goes on to state that the United Kingdom cabinet now regard the prospect of a Russian thrust into the heart of Africa—coming down into the Sudan, Kenya and Ethiopia—as the most dangerous development in the Soviet Union's post-Geneva policy. This view, the article states, is shared in full by leaders of the labour party opposition.

From your vantage point are you in a position to make any comment on the threat presented by communist policy with regard to the continent of Africa?

Hon. Mr. PEARSON: It is quite obvious to us all that there is a great deal of ferment, unrest and movement—awakening if you like—in areas of Africa which are not free politically and it is also quite obvious that the communists will exploit that situation to their own advantage and try to put themselves at the head of the movement among these peoples toward political freedom.

Progress toward freedom is pretty steady in Africa but it would surely be a very grave mistake, and in the long run it would not be to the advantage of the people concerned, if the pace were forced in certain areas of Africa where the people are obviously not in a position to govern themselves at the present time and where, if they were told to do so, the result might be chaos. Some other strong force might move in and take over.

We have a good example of that in the former colony of Italian Somaliland which under a United Nations resolution passed about five years ago was put under trusteeship for 10 years, at the end of which time it was to be an independent state. It is very difficult indeed to believe that in another five years that impoverished area will be able to maintain political independence in the world today in any form which will be conducive to the welfare of its people. There are other parts of Africa where this process, if it were brought to completion immediately, would not help the people. I think encouraging signs are to be observed in the British colonial territories where the movement towards independence has been steady and where people are being trained to govern themselves.

Mr. FLEMING: Do you mean towards independence or full self government?

Hon. Mr. PEARSON: Full self government—independence inside the commonwealth. The Gold Coast and Nigeria are two good examples.

An Hon. MEMBER: And Togoland.

Hon. Mr. PEARSON: Togoland has, I think, decided to join the Gold Coast, but they are having "growing pains" at this stage of self government in these areas.

Mr. FLEMING: I was directing my question rather towards communist infiltration. It seems to be accepted as a fact that there is a great deal of Egyptian influence in the troubles which the French are facing in French North Africa, and some evidence of growing Russian influence in the near east and the Middle East. It was toward this growing influence that I was particularly directing my question.

Hon. Mr. PEARSON: Well, I consider that if there had never been a revolution in Russia in 1917 there would still be trouble in Africa today because of the awakening of people to the desire for political freedom even in the most backward parts of Africa.

Mr. FLEMING: Nationalism, too.

Hon. Mr. PEARSON: Freedom and nationalism too. But it is hard to relate nationalism, in our sense, to some of the areas of Africa. Having said that, it is equally true that the communists are trying to exploit and take charge of these forces and that is a very real danger, one which is seen in all parts of Africa. In doing this they are posing not only as the champions of political freedom but as the champions of racial equality—a claim that makes an appeal in Africa. There is evidence, of course, that this is going on in every place in Africa where there is disturbance but I am not prepared to say that it is the communists in every case who are causing the disturbance. For example it would be unrealistic to think that the conditions in North Africa are due to communism or to communists but there is no doubt—and Mr. Khrushchev made it quite clear during the recent visit of the French leaders to Moscow—that the communists are not willing to refrain from supporting these movements. I would think that the most dangerous place on the map of Africa at the moment is Algeria; that is where the struggle is manifesting itself in the most acute form.

Mr. FLEMING: I do not wish to monopolize these questions, Mr. Chairman. I have a few more.

The CHAIRMAN: Let us have them, Mr. Fleming; there will be no closure this morning. We shall be very happy to hear them.

Mr. FLEMING: Thank you, Mr. Chairman. Mr. Pearson will no doubt have seen the statement attributed to Mr. Gaitskell in Atlantic city several days ago. Mr. Gaitskell speaks, of course, as the leader of the British labour party and leader of the opposition. As reported by the *New York Times* service, he called for allocation by all countries of one per cent of their national income for economic aid through the United Nations, and he also said that the cause of the western democracies was "going badly" in Asia, Africa and parts of Latin America. The suggestions which he made were intended to restore the initiative which he felt had been lost to the Soviet Union.

What is the view of the Canadian government as to whether the United Nations is the best channel through which to direct such economic aid as Canada and the other countries of the west are disposed to grant to these other parts of the world?

Hon. Mr. PEARSON: I have said more than once, and recently in London in a speech I made there, that the United Nations should, in my opinion, be brought more and more into the field of international economic assistance. I do not necessarily mean by that that all plans for international economic assistance should be carried out through the United Nations. I think that the United Nations technical assistance program is well managed and I think it could do with more resources—I hope it will get more in the way of resources—but the aid does not have to be given by the United Nations. Every project, however, which we have in mind should, I think, be carried out through the United Nations in the sense that the United Nations should be a clearing house for all these schemes. I put it in this way:

We should exchange our blueprints with the Russians and everybody else who wishes to take part and there should be a general supervision and examination of these matters by a qualified United Nations agency.

I think that would be a good thing to do because it would, without interfering in matters such as the administration and execution of the Colombo plan, remove any suspicion that international assistance schemes have some ulterior political motive behind them. If it were felt that a scheme proposed by particular countries was suspect on that score it could be challenged and examined by the United Nations committee set up to examine all these things.

There are other governments, however, who feel that it is more practical to deal directly with the receiving countries and that it would be more difficult to secure the necessary appropriations for aid if all this had to be channelled through an international agency where the government in question would have one vote out of 80.

Mr. KNOWLES: Does this mean that Canada may take a more favourable attitude toward the SUNFED idea than in the past?

Hon. Mr. PEARSON: We are in the process of discussing that now at the economic and social council; I hope our attitude toward this, as towards everything at the United Nations, will be constructive and progressive.

Mr. FLEMING: And conservative.

Mr. KNOWLES: I suggest it should be more constructive and more progressive.

Mr. FLEMING: Would you care to comment, Mr. Pearson, on the other aspect of Mr. Gaitskell's suggestion—that one per cent of the national income—he may not have had in mind any technical difference between national income and gross national product—should be set aside for aid programs? Let us say that in Canada one per cent would be something of the order of \$250

million a year which, of course, is about eight times as much as we are contributing now through the Colombo plan and technical aid through the United Nations.

Hon. Mr. PEARSON: We contribute between \$40 million and \$45 million at the present time.

Mr. FLEMING: Let us say six times, then; anyway it would mean a vast increase. Would the minister care to comment on this proposal?

Hon. Mr. PEARSON: My only comment would be that it would, indeed, be a vast increase. I cannot comment further, Mr. Chairman, at the moment, on this. We have read with great interest the suggestion made by Mr. Gaitskell which has, indeed, been made by others, though not exactly in the same form, that countries should put aside a certain proportion of their national income for this purpose. The matter has been discussed at the United Nations and the line taken by a good many countries there was: as we are able to save on our defence appropriations we would be able to divert more of our resources to this other form of defence and protection. But as long as a government such as the Canadian government has to provide between 40 and 45 per cent of its budget for national defence its ability to contribute to international assistance schemes is limited.

Mr. MICHENER: On that same point, I think no country has come anywhere near to reaching the standard which Mr. Gaitskell suggests. Has any comparison been made between the expenditure which the various countries have undertaken in connection with the various kinds of aid in relation to the gross national product?

Hon. Mr. PEARSON: Yes, we have made that comparison, and I think that we circulated a table during the course of the first meeting which gives some indication of what we have done in recent years; I think some mention was made in that table of the United States' contribution. I should think that in proportion to its national income, Canada, of the contributing countries, has a pretty good record; I think we have contributed just about as much as any member of the United Nations in proportion to national income.

Mr. CRESTOHL: In other words you have found that Canada is quite properly liberal.

Mr. FLEMING: You should say "generous". That word "liberal" is very ambiguous and it is becoming more so every day.

Hon. Mr. PEARSON: I believe that Canada's contribution is exceeded only by the United States and the United Kingdom. We are, I think, the second largest contributor to the Colombo plan and our contribution has taken the form of direct appropriations. The United Kingdom contributions have very often taken the form of running down sterling balances which is a very important form of contribution but not quite the same as ours. I am not attempting to boast about our record, because this is nothing to boast about; but it stands up well by comparison with other countries.

Mr. CRESTOHL: That is because we are liberal, Mr. Fleming.

Mr. MICHENER: I raised this question some time ago, Mr. Chairman but I have missed a meeting and I do not know whether the table I asked for has been produced yet—

The CHAIRMAN: Not yet. It will be ready on Thursday.

Mr. FLEMING: I turn now to SEATO. Has any approach been made to Canada with regard to membership in SEATO within the last year? Has Canada been taking any interest in it?

Hon. Mr. PEARSON: Of course we take an interest in it, Mr. Chairman, because it is a collective security organization in Asia and anything that can

be done there to strengthen security helps us; for security is, to use a cliché, indivisible. But there have been no approaches made of any kind that I know of, in the last year, that we should associate ourselves with SEATO.

Mr. FLEMING: Has Canada expressed any concern at all through diplomatic channels over Mr. Nehru's strong attacks on the Southeast Asia Defence Organization?

Hon. Mr. PEARSON: No we have not expressed any concern to the Indian government. I think it would be improper for us to do so.

Mr. FLEMING: It would probably be resented.

Hon. Mr. PEARSON: —to criticize Mr. Nehru's views on this matter. He feels very sincerely and strongly that an organization of this kind, with United States and western participation but which does not include most of the Asian countries, does not make for security but the reverse. He has expressed that view on many occasions.

Mr. FLEMING: I am coming closer to home now. You may remember that some months ago when the new governor of the island of St. Pierre and Miquelon arrived he said he would seek the co-operation and guidance of Canada in attacking the economic problems that beset France's tiny Atlantic possession. Can the minister bring us up-to-date with regard to any approaches which may have been made for Canadian assistance along these lines? Perhaps he could tell us what has been done.

Hon. Mr. PEARSON: To my knowledge, Mr. Chairman, no such approach has been made at any time by the governor.

Mr. FLEMING: Or by the French government?

Hon. Mr. PEARSON: Or by the French government. I have been unable to find a record of any approach either from Paris or from the island itself.

Mr. FLEMING: I suppose you would expect such a request to come from the French government in any event, rather than from the governor?

Hon. Mr. PEARSON: Yes, it would normally come from Paris—from the foreign office.

Mr. FLEMING: Whose responsibility is it, Mr. Pearson, to extend the normal and proper courtesies to visiting prime ministers and heads of governments of other countries? Is that the responsibility of your department?

Hon. Mr. PEARSON: In part. It is the responsibility of the government as such to do the correct thing—the proper thing—in these matters. There is a government hospitality committee which plans receptions, entertainment and arrangements for official visits, and the chairman of that committee, on which a good many departments are represented, is an official of the Department of External Affairs; so to that extent we have, I suppose, a special responsibility.

Mr. FLEMING: I am thinking, now, about something more than the level of official responsibility; I am thinking about ministerial responsibility, because there have been several occasions, it seems to me, in the last year when situations have arisen in which, if I am correctly informed, the normal and proper courtesies were not extended to prime ministers or ministers of other governments visiting Ottawa. I will mention three cases which I have particularly in mind. I was particularly interested in Premier Garfield Todd of Southern Rhodesia who visited Ottawa last summer. I saw him while he was in Canada, and I had been in communication with the prime minister's office about his visit, and I understand there were no suitable plans made to welcome him. He did not tell me this—I saw him after his visit to Ottawa, when he had returned to Toronto, and he made no comment whatever on his reception here; his attitude was completely proper and correct—but as a Canadian I feel that less than proper courtesy was extended to him. I am informed through the press that when he arrived at Uplands airport in Ottawa last August he was

greeted only by junior officials—certainly not by ministers. I want to be fair about this; it was August and most of the ministers were away on vacation, but it seems strange that there should not have been some ministers there, or that some ministerial recognition was not given to his visit.

It has also been reported that when Mr. Halvaard Lange, the foreign minister of Norway, arrived in Ottawa he was likewise greeted at the airport by junior officials, and that a day later, when Mr. Richard Casey the foreign minister of Australia arrived, there was no one from the cabinet, or on the ministerial level, on hand to greet him. Apparently Mr. Casey was asked to make some comment on this; he politely passed it off by saying, as reported in the press:

I realize Australia isn't as important a country as Canada. And it's likely members of the Canadian cabinet are quite busy.

Mr. JAMES: Did he have to walk in from the airport?'

Mr. FLEMING: I am saying that he was not greeted by anyone of ministerial rank; I am taking the newspaper report. I realize that the Secretary of State for External Affairs is a busy man and that there is a limit to the number of personal greetings that he can extend at the Uplands airport and elsewhere, but it does seem to me that this is not the quality of the reception that Canadians would like to see extended to important visitors from friendly countries. I bring this to the attention of the minister because I think he will agree that whatever the circumstances might be this is not good enough.

Hon. Mr. PEARSON: I may have something to say on that, if you will permit me. I have sent for the files because I would hate to have it put on the record, if it were not the case, that we had not discharged our duty as hosts in respect of any official visitors who come to this country, because we certainly do try to do that. We have lots of evidence on record to show that our efforts in that connection are appreciated; it is not an effort, it is something done out of normal courtesy. Mr. Todd came here unofficially and let us know in advance that he wished to come unofficially and that he did not want any official notice to be taken of his visit. We met his wishes in that regard though we did see him while he was here and someone from the department did go out to meet him.

Mr. Lange, who is one of my closest friends in the "trade union" of foreign ministers, a man whom I hold in the highest regard both personally and officially, telephoned me from New York to say he would like to come up and have a chat but that he wished to come entirely informally. He said he would like to come round and see me, perhaps the meeting would be at the embassy or perhaps he would come for dinner at my house; he wished it to be considered on that sort of basis, and those were the circumstances of Mr. Lange's visit. I am not so familiar with the other two matters raised, but I will have the record here in a few minutes. I do remember going out to the airport to see Mr. Casey off, and I can remember spending a good deal of time with him while he was here, but I cannot remember whether I met him on arrival. I do know he was not here officially, but I would like to check, because my memory is not as exact as it was in respect of the other two visits.

I think it might be of interest to the committee if an official of the department were to give some information—it may be I need not give it myself—about the number of official visitors who have been received; we have been very happy indeed to receive them and also to do everything possible to make them feel welcome while they were here.

Mr. FLEMING: There are two other questions which might be disposed of very quickly, I think. They each arise out of press dispatches within the last four or five days. The first notes that the Russians have established a new search station on a drifting ice island in the central Arctic ocean. The Soviet

News Bulletin published by the Russian embassy here in Ottawa says Russian scientists recently occupied the island known as North Pole Six which measures about eight miles long and six miles wide. North Pole Six, the report adds, is the third such station now maintained by the Russians.

Hon. Mr. PEARSON: Did you say it was an island?

Mr. FLEMING: It says: "a drifting ice island". Is the department aware of this, and are you in a position to make any comment as to whether this is in Canadian territorial waters or waters over which Canada asserts sovereignty?

Hon. Mr. PEARSON: We do learn from time to time about Russian stations being established in such places for scientific purposes; the Russians sometimes announce it. None of these ice islands, as they have been called, is situated, as far as I know, in Canadian territory. There is a little doubt as to what constitutes territory in permanently frozen seas; the question has not yet been established in international law. But this is a matter of some importance and I would like my answer to be exact in all its details; so perhaps we should prepare a statement indicating what is happening and how important it is to us.

Mr. FLEMING: The last question I would like to bring up for the minister's comment—and I appreciate the patience which the committee has shown—arises out of a press dispatch from Moscow on May 17 relating to the opening that day of what had been a top secret atom-smashing laboratory and its opening to visiting western scientists, among whom was Dr. Louis Alvarez, a nuclear scientist from the University of California. Dr. Alvarez, according to this report, commented that any one seeing the laboratory would be "bowled over" and said of the Russian scientists that they were doing absolutely first class work. It was, he said, an extremely impressive visit. Has the minister any comment to make on this subject at all?

Hon. Mr. PEARSON: No, I have no comment, Mr. Chairman. I do know that in recent months these establishments, which were previously regarded as very secret indeed, have to some extent been opened to scientific visitors. The same thing has been done in the United Kingdom where Soviet citizens have within the last two or three months visited atomic establishments, and I hope they were just as much "bowled over" by what they saw in the United Kingdom as Dr. Alvarez was in the Soviet Union.

Mr. FLEMING: I take it that it is regarded at the government level as very significant that the Russians have now reached the point of permitting visiting scientists to see something which up to this moment has been regarded as a highly secret phase of Russian scientific development?

Hon. Mr. PEARSON: Yes, I think it is a matter of some significance and the change in this regard is to be welcomed.

Mr. FLEMING: How significant is it?

Hon. Mr. PEARSON: I could not tell, Mr. Chairman, unless I was able to get a report from the scientist in question as to what he was actually permitted to see. It would be one thing to walk through the Chalk River plant, for instance, and another to spend a week there and learn all about its processes. Even a scientist might not learn very much from a casual examination. I do not know enough about the nature of the visits that have been exchanged to be able to estimate what particular significance should be attached to this change of policy but I think there is some political significance in the iron curtain being lifted in this way.

Mr. FLEMING: Thank you.

The CHAIRMAN: Mr. Fleming having ended his world tour, I will call on Mr. Knowles.

Mr. KNOWLES: I have just two questions to ask, Mr. Chairman.

Mr. FLEMING: Perhaps I should have thanked the minister as well for his patience, Mr. Chairman. I do that.

Mr. KNOWLES: On both these questions I hope I can get a favourable answer. I was interested in what the minister was saying a while ago—that he would be glad to drink a toast to the liberation of captive peoples. I hope he will practice that at home and help us to regain our freedom from the captivity of parliamentary closure.

Hon. Mr. PEARSON: I have never considered Mr. Knowles to be a captive in any sense.

Mr. KNOWLES: The minister may remember a question to which I drew to his attention on the order paper of January 31 of this year. I asked him then if he was aware of the fact that certain United States radio and television stations along the border are carrying advertising of Canadian brewery firms beamed at Canadians, and suggested that this was something which the C.B.C. code would not admit on the C.B.C. radio and television stations; and I further asked if he would take the matter up with the authorities in Washington. I wonder whether that has been done and, if so, what reply Canada has received?

Hon. Mr. PEARSON: These stations, Mr. Chairman, would normally be under provincial jurisdiction, and if any complaint were to be made formally about activities of this kind across the border it would emanate from the provinces and to the C.B.C.

As I think you know, Mr. Knowles, there has been no formal complaint from any province with regard to this matter. However, when I received your letter I did ask our ambassador in Washington to bring the question informally to the attention of the United States authorities—that that advertising on the border, beamed at Canadian listeners, was being carried on and we felt that they might be interested in this situation. We have had no reaction from the state department as yet.

Mr. KNOWLES: It might be, Mr. Chairman, that one of the reasons I felt it was appropriate to bring the matter to the attention of the U.S. authorities is that I understand that the federal communications commission itself takes some note of the different codes or practices in different states within the United States and it did seem reasonable to suggest that they might apply that same reasoning to this situation. As I pointed out in my question I am not asking about American firms advertising on these American stations but rather about Canadian firms advertising on American stations—advertising obviously directed not to American listeners but to Canadian listeners. I take it you anticipate you will yet receive some reply from Washington?

Hon. Mr. PEARSON: I would think so but I must repeat that the laws in question which would be violated if this broadcasting has taken place on the Canadian side are provincial laws.

Mr. KNOWLES: Except that it would be a violation of the C.B.C. code, which is a federally sponsored compilation.

Hon. Mr. PEARSON: Anyway, we have taken the matter up with the state department. We have not heard from them yet but no doubt we shall get their reaction in due course.

Mr. HANSELL: I do not like to go back over any of our discussions but Mr. Fleming's world tour was a sort of non-stop affair, and we could not get on on the way. Mr. Pearson stated he was willing to support any move toward the possible liberation of captive people in communist countries. I wonder if he would elaborate on that? My question is: how can these people possibly be liberated without an overseas war? What moves are being made in that respect?

Hon. Mr. PEARSON: This is a difficult and complicated subject—

Mr. HANSELL: It does not have much meaning.

Hon. Mr. PEARSON: I think it would be doing no service to the people of these countries, under communist domination against their will, if we gave them the impression that the western world was attempting to liberate them by means other than peaceful, or to give them the impression that liberation was "just around the corner" because the disillusionment which would result from statements of that kind, which they would soon find out could not be carried into effect, would be such as to strengthen the autocratic regime which holds them down. The disillusionment would be such that they might lose their interest in ultimate liberation; it would be a period of disenchantment. On the other hand, I think we have the right to insist that an important test of the sincerity of Soviet statements such as the one which Mr. Khrushchev made the other day about support for people struggling to be free would be the relaxation of the control exercised by Moscow over these countries so that they could, in their own way, with encouragement, at least, from us, determine their form of government. There are signs of a relaxation of control in some of the so-called satellite states at the present time. I would think, myself, that one of the most important steps that could be taken to bring that about would be a genuine relaxation between the east and west and the solution of the problems which divide the world, because in that kind of political situation there would at least be more opportunity for the satellite states to free themselves. That is one reason why I think we should welcome what has occurred without reading too much into it. But it would be cruel to deceive these subject peoples into believing that the west could take any immediate steps, military or political, to force the Soviet Union to liberate them, because that just is not practical now. But keeping the idea alive and emphasizing that the fundamental requirement of self government should be applied not only to tribes in Africa, and to people in Asia, but also to those under the Soviet, in our opinion, making some contribution to the realization of the idea of freedom within those countries.

Mr. HANSELL: I wonder if at some time we have not gone the other way in our attitude and have left the impression with these people that perhaps we do not care; perhaps we think that their regimes are practical and will go over, and that we are not particularly interested in their liberation? Well perhaps that is the best answer we can get.

Mr. MICHENER: Mr. Chairman, I am a new member of the committee and if I attempt to cover old ground, I hope you will tell me. I have two brief questions. There seems to be some interest in Canada in the UNESCO commission, and I wonder what the considerations are in leaving us in a position now where we have no such organization. I am not very clear about how this commission functions. Perhaps the minister would make a fairly broad statement about the matter.

Hon. Mr. PEARSON: It is true, Mr. Chairman, that we have not in this country a UNESCO commission such as there are in other countries, acting as a sort of liaison between the various organizations interested in UNESCO and the government, but we have given consideration to the setting up of such a commission over some years. That consideration was postponed because it was felt that when the Canada Council was set up it would be a suitable agency to act as a UNESCO commission. However we have not as yet set up a Canada Council and we have not proceeded with the establishment of a separate UNESCO commission.

Mr. MICHENER: Are those commissions as established in other countries governmental agencies or are they sponsored by private individuals?

Hon. Mr. PEARSON: Offhand I think they are both. I think they have both governmental as well as non-governmental representatives. I will be glad to ask the department to draw up a little note on this and to give it to you, Mr. Michener.

Mr. MICHENER: I would appreciate it. Thank you. My other question relates to the recent experiment of the United States with the hydrogen bomb. Does Canada have an observer at these tests who is free to learn? What liaison have we with them?

Hon. Mr. PEARSON: We have recently been invited. I think Mr. Campney mentioned it in the house—to send observers to new tests in the Pacific. That will be the first time that any Canadian has been present at a test of this kind, although I think there were Canadians present at the atomic test in Arizona a year or so ago.

Mr. MICHENER: Did I understand the minister to say there were none present at the last test?

Hon. Mr. PEARSON: I do not think there was any Canadian present at the test which just recently took place, but I think there will be Canadians present at the next one. I think that is correct.

Mr. MICHENER: The experiments are apparently being watched broadly by the press, and I would think it strange if we did not have military observers there.

Hon. Mr. PEARSON: We had military observers present at the tests in the desert a year or so ago, and we had troops there who were exposed to conditions after the explosion. I do not think we gain very much in just watching an explosion unless the observer has knowledge enough to understand what is going on and is close enough to the people conducting the explosion to learn all about it.

Mr. MICHENER: I should think that would be a normal way of co-operation with the United States. I wondered if we had been invited and had declined to accept.

Hon. Mr. PEARSON: To my knowledge we were not invited to this recent test in the Pacific, but I would like to make sure of it.

Mr. MICHENER: Thank you!

The CHAIRMAN: Have you any other questions Mr. Michener? If you have none I will now call upon Mr. Starr.

Mr. STARR: I would like to follow up the indication of peaceful deliberations. The United States made that declaration: to follow peaceful deliberations. Is Canada going to do a similar thing?

Hon. Mr. PEARSON: There have been statements made by representatives of the Canadian government along this line, including a statement by the Prime Minister. I think all I can say now is that I do not know of any intention to issue a formal statement, but I would like to collect and produce the various statements we have made in the last year or two and see if they do not cover the situation pretty well.

Mr. STARR: Most of them have been made in speeches at various functions and meetings. They did not come out as formal government policy.

Hon. Mr. PEARSON: That may be. I am not sure of the forum of the president's recent statement, but I think it was made at a press conference.

Mr. STARR: No. I think it was a message delivered at Christmas.

Mr. FLEMING: I had the press clipping on it, but I gave it to the reporter and he has taken it away. It was a press clipping of a statement issued on December 30 by President Eisenhower.

Hon. Mr. PEARSON: I am not certain. I would like to look into it but I have a feeling that at that time the Canadian government associated itself with

that statement. However I would like to collect that information and bring it to you at a subsequent meeting.

Mr. STARR: Would the minister make a statement or give an opinion on the Washington declaration, particularly on the aspect that the declaration was made quite recently by President Eisenhower and Sir Anthony Eden, and would he comment on the particular aspect of the exclusion or inclusion of certain peoples?

Hon. Mr. PEARSON: Yes, I wish I had the declaration here, but I think at the time I said it was unfortunate that certain people seemed to be excluded from that declaration because that was certainly not the intention of those who issued it. That is one difficulty you get into when you make a declaration of that kind. If you mention any one country you call attention at once to the other countries which have not been mentioned. But I think at the time—and I would like to include this in the report I will be making—I think at the time the statement was made there was a statement made here that we felt there would be no reason to exclude any of the countries inside Soviet Russia which had lost their freedom from a declaration of that kind. I am sure really that that was not the intention of the President or the Prime Minister when they issued it, but it was given that interpretation.

Mr. STARR: It was set out particularly that the lines should be drawn as they were in 1939 which meant automatically the exclusion of certain countries, or their inclusion.

The CHAIRMAN: Is that all?

Hon. Mr. PEARSON: I shall be glad to comment on that in the statement which I shall be producing. Mr. Fleming has left the meeting, but may be I might add a couple of observations to those which I have already made on visitors. Mr. Casey's file at the moment is missing, but we have Mr. Todd's file. He arrived on an August week-end when no minister happened to be in town. But even if there had been, Mr. Todd expressed the feeling—as I have already stated—that he wished his visit to be informal, and that we should not give any official character to it. Nevertheless he was met at the airport by the Chairman of the government's hospitality committee, and chief of Protocol as well as by the Deputy Minister of Trade and Commerce and by another official and that was at 6.50 in the morning.

Mr. MICHENER: And on a Sunday!

Hon. Mr. PEARSON: It is my information that it was at 6.50 o'clock in the morning. Mr. Lange also came under the circumstances which I mentioned, and my impression has been confirmed that he was not coming officially in any way. He was met by the Chief of Protocol at the airport—I think it was either the airport or the station. And of course I saw him later. I do not think that either of these gentlemen felt that they were neglected, and I may say that we had letters from them, after their return, indicating that they enjoyed their visit to Ottawa.

The CHAIRMAN: Before we adjourn I wish to thank the minister for his cooperation. We shall sit again on Thursday at 11 o'clock, if it is your pleasure.

Mr. STARR: Will the minister be with us then?

The CHAIRMAN: No.

Hon. Mr. PEARSON: I am available, I think. Oh no, I have to be speaking in Hamilton at a citizenship meeting. I am sorry.

The CHAIRMAN: We shall have Mr. Macdonnell and Mr. Mathews with us on Thursday.

Mr. HANSELL: Are we to discuss any particular item?

The CHAIRMAN: We are still on the first item.

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ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

THURSDAY, MAY 24, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

WITNESSES:

Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of Finance Division; M. Grant, Head of Supplies and Properties Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.,
and Messrs.

Aitken	Goode	Michener
Arseneault,	Hansell	Nesbitt
Balcer	Henry	Patterson
Breton	Huffman	Pearkes
Canon	James	Richard (<i>Ottawa East</i>)
Cardin	Jutras	Starr
Coldwell	Knowles	Stick
Crestohl	Lusby	Stuart (<i>Charlotte</i>)
Decore	MacEachen	Studer—35.
Fleming	MacInnis	
Garland	MacKenzie	
Gauthier (<i>Lac-Saint</i>	Macnaughton	
<i>Jean</i>)	McMillan	

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, May 24, 1956

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Boisvert, Breton, Cardin, Crestohl, Fleming Gauthier (*Lac Saint-Jean*), Henry, Huffman, James, Jutras, Knowles, McMillan, Nesbitt, Patterson, Pearkes, and Starr.—(16)

In attendance: Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of Finance Division; M. Grant, Head of Supplies and Properties Division.

The Chairman called the meeting to order. Mr. Fleming asked that the Committee's Minutes of Proceedings and Evidence for Thursday, May 17, 1956, be amended so as to indicate that the remark "How is it in Moscow?" (p. 242) made in connection with a discussion on communications be attributed to Mr. Nesbitt.

After welcoming Messrs. Macdonnell and Matthews, the Chairman suggested that Mr. Macdonnell be permitted to answer certain questions asked at a previous meeting of the Committee held Thursday, May 17, 1956.

During the course of his statement, Mr. Macdonnell referred to the following subjects:

1. The number of departmental employees serving abroad;
2. Expenditures of the Department;
3. Foreign Service Officers;
4. Senior diplomatic appointments;
5. Informational activities;
6. Automobile licences abroad;
7. Blocked currencies.

By leave of the Committee, it was ordered that the following tables be printed in the record:

1. Number of employees serving abroad—Total expenditures 1935-36, 1945-46, 1955-56;
2. Foreign Service officers—University of origin;
3. Quantity, Cost and Distribution of Informational material (*See Appendix A*);
4. Reference Papers, Bulletins, Texts of Official Speeches, etc. (*See Appendix B*);
5. NATO and Colombo Plan Publications (*See Appendix C*);
6. Statement of Blocked Currencies—March 31, 1956 (*See Appendix D*);
7. Properties abroad owned by the Canadian Government and occupied by the Department of External Affairs (*See Appendix E*).

Mr. Macdonnell and Mr. Matthews were further examined concerning the evidence given by Mr. Léger before the Committee on April 26, 1956.

During subsequent questioning, the witnesses commented on the following topics:

1. Departmental properties abroad;
2. The North Atlantic Treaty Organization;
3. The United Nations and related agencies.

Questioning of the witnesses continuing, the Committee adjourned at 12.40 p.m., to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

THURSDAY, May 24, 1956.
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. FLEMING: Mr. Chairman, may I ask for a correction in the report of the minutes of proceedings of evidence of the meeting of this committee, No. 9, of Thursday, May 17. At page 242, following a question by Mr. Nesbitt concerning tampering with Canadian communications, the following question is headed "By Mr. Fleming".

How is it in Moscow?

I did not ask that question, Mr. Chairman. I think that question was asked by Mr. Nesbitt following a previous one.

The CHAIRMAN: I think you are right, Mr. Fleming.

On Thursday, May 17, Mr. Michener asked a question about the number of persons serving abroad and the amount of expenditure abroad at 10 year intervals. Mr. Macdonnell is ready to answer that question.

Mr. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs, called.

The WITNESS: I have a statement here, Mr. Chairman, which goes into some detail and which the committee might wish to incorporate in its records. In summary the statement shows the following: total expenditure for the operation of the department in 1935-1936, \$1,192,000; in 1945-1946, \$2,431,000; in 1955-1956, \$12,238,000.

With regard to the number of employees, the staff statistics for 1935-1936 are not readily available and we cannot give a precise figure; it was certainly well below 200. In 1945-1946 the total was 602 and in 1955-1956, 1,610; these figures include Canadian civil servants and local staff recruited abroad.

The CHAIRMAN: Is it the pleasure of the committee to have this document printed in the minutes of our meeting?

Mr. FLEMING: Agreed.

The WITNESS: It is as follows:

Comparative Statistics—Department of External Affairs

(Expenditures pertain to actual operation of Department only¹)

	1935-36	1945-46	1955-56
No. of employees	not obtainable ²	602	1,610
Salaries	\$ 277,424 ³	\$ 1,181,856 ⁴	\$ 5,064,142
Other Operational	914,986	1,181,498	5,523,519
Capital	—	68,260	1,650,828
Total	\$ 1,192,410	\$ 2,431,614	\$12,238,495

1. Excludes: International Joint Commission
Contributions to International and Commonwealth Organizations
U.N. Expanded Program for Technical Assistance
International Civil Aviation Organization Office Accommodation
Canada's participation in Indo-China
Colombo Plan

2. First year for which staff statistics are readily available is 1939-40 when the total was 208. The expenditure figures shown are for the year 1935-36.

3. Accounts during this year were not kept in such a way as to make the salary figure obtainable for Representation Abroad, therefore, an estimated expenditure figure has been used for this purpose.

4. Includes: Salaries of \$69,442 paid from War and Demobilization appropriations and Cost-of-Living bonuses.

The CHAIRMAN: The next question was asked by Mr. MacEachen. He asked for a breakdown of foreign service recruitment for the last 5-10 years. Mr. Macdonnell is also ready to answer that question.

The WITNESS: I do not know Mr. Chairman whether it would be the wish of the committee that I read this. As you can see, it really amounts to long lists—one candidate from one university, two from another and so on; it extends right across the country and certainly reflects the point I made at the last meeting that there is a wide geographical distribution. Should I read this?

Mr. CHAIRMAN: No, I do not think it is necessary.

Mr. CRESTOHL: File it and incorporate it with the minutes; it makes for a complete record.

The CHAIRMAN: Is it the pleasure of this committee to have this document printed?

Agreed.

The University of Origin of FSO's recruited during the last five years.

Competition	No. of Eligible Candidates	University of Origin	Graduation	Post Graduate Degrees
1951	27	Univ. of British Columbia	(2)	-
		Queen's Univ.	(4)	1
		Univ. of Ottawa	(2)	2
		Quebec Seminary	(1)	-
		Univ. of Montreal	(1)	3
		McGill Univ.	(3)	-
		Univ. of Toronto	(4)	1
		Jean de Brebeuf & Stanislas College	(1)	-
		Univ. of New Brunswick	(1)	-
		Univ. of Alberta	(3)	1
		Oxford Univ.	(1)	5
		Mount Allison Univ.	(1)	-
		Cambridge Univ.	(1)	1
		Univ. of Manitoba	(1)	2
		Laval Univ.	-	1
		Columbia Univ.	-	3
		Clark Univ., Worcester, Mass.	-	1
		Univ. of Syracuse	-	1

Competition	No. of Eligible Candidates	University of Origin	Graduation	Post Graduate Degrees
1952	17	Quebec Lower Seminary	(2)	-
		St. Dunstan's College, Charlottetown	(1)	-
		College des Jesuites, Sudbury	(1)	-
		Jean de Brebeuf College	(2)	-
		Univ. of British Columbia	(1)	-
		Univ. of Western Ontario	(2)	-
		Oxford Univ.	(1)	4
		McGill Univ.	(1)	1
		Univ. of Manitoba	(2)	-
		Univ. of Montreal	(1)	6
		Univ. of Toronto	(1)	-
		Bourget College, Rigaud	(1)	1
		McMaster Univ.	(1)	-
		Laval Univ.	-	3
		Univ. of Paris	-	3
		Univ. of Wisconsin	-	1
		Brown Univ., R.I.	-	1
		Cambridge Univ.	-	1
1953	21	Stanislas College	(1)	-
		McGill Univ.	(3)	2
		College Andre Graset	(1)	-
		Univ. of Saskatchewan	(1)	-
		Univ. of Toronto	(6)	2
		Laval Univ.	(1)	1
		Univ. of Manitoba	(2)	-
		Univ. of British Columbia	(3)	-
		College St. Laurent	(1)	-
		Dalhousie Univ.	(1)	2
		Univ. of Alberta	(1)	1
		Univ. of Montreal	-	2
		Oxford Univ.	-	1
		Univ. of London	-	1
		Queen's Univ.	-	1
1954	24	Queen's Univ.	(2)	2
		Sir George Williams College	(1)	-
		Univ. of Western Ontario	(1)	2
		Univ. of Toronto	(7)	1
		Institut d'Amsterdam	(1)	-
		Univ. of Saskatchewan	(2)	-
		Univ. of Montreal	(2)	-
		McGill Univ.	(2)	-
		Univ. of Alberta	(1)	1
		Univ. of British Columbia	(1)	-
		Marymount College, Tarrytown, N.Y.	(1)	-
		Univ. of New Brunswick	(1)	1
		College du Bon Pasteur, Que.	(1)	-
		Univ. of Edinburgh	(1)	1
		Laval Univ.	-	1

Competition	No. of Eligible Candidates	University of Origin	Graduation	Post Graduate Degrees
1955	1	College Basile Moreau, Ville St. Laurent, P.Q. Univ. of Montreal	(1) -	1

The CHAIRMAN: The third question was asked by Mr. Fleming with respect to ambassadors at page 241 of the minutes of proceedings and evidence No. 9, of Thursday, May 17th. Mr. Macdonnell is ready to answer it.

The WITNESS: Mr. Chairman there are as heads of posts at the present time 32 men who came up through the Department of External Affairs and in addition there are seven chargés d'Affaires. Some of those had other government service before joining the Department of External Affairs, but they have been with us for a number of years and I think they would now fall logically into that category. Then there are eight men who came from other government departments, and finally four people who were not previously employed in government service.

By Mr. Fleming:

Q. Can you furnish the names and locations of those four people?—A. Yes Mr. Chairman: Mr. H. G. Norman, Consul General in New York; Mr. L. P. Picard, Ambassador in Argentina; Mr. E. Turcotte, who is on leave from the post of Ambassador in Bogota and Mr. W. F. A. Turgeon, Ambassador in Lisbon.

The CHAIRMAN: Are there any other questions? Mr. Nesbitt was asking for the total expenditure on publications for last year. Have you that information Mr. Macdonnell?

The WITNESS: Yes, Mr. Chairman, we have prepared a number of tables which, I think, provide the information which was requested. We have divided the subject up as follows: first, a list of the publications printed by the Queen's Printer and those produced by the Department of External Affairs, which include our annual report of the department, Canada and the United Nations, and such other publications at the Monthly Bulletin, Canada from Sea to Sea, Canada in Pictures and so on. We have samples of all these publications here if any members of the committee are interested in seeing them. We have gone into some detail to show the quantity printed, the unit cost to the Department of External Affairs, the total cost to the department and the distribution at home and abroad.

By Mr. Fleming:

Q. May I just ask whether the distribution is broken down so as to show the numbers distributed (a) at home and (b) abroad?—A. It is, Mr. Chairman, in the sense that in some of our tables we are able to show both columns, giving the figures abroad and at home; in certain others it has not been possible to be quite as precise. For example, in the case of the Canada and the United Nations, 1954-1955, we have shown the quantity printed and the distribution in Canada; the balance would, roughly, represent distribution abroad—it has been difficult to ascertain the precise number set abroad. But, turning to the next category of bulletins, reference papers and so on prepared within the department itself as opposed to those produced by the Queen's Printer, we give the distribution figures abroad and in Canada.

The CHAIRMAN: Mr. Macdonnell, do these documents answer the question asked by Mr. Fleming with regard to the figures of circulation or distribution of the various international publications which are furnished by the department?

The WITNESS: Yes Mr. Chairman.

Mr. FLEMING: On page 248.

The CHAIRMAN: Is it the pleasure of the committee to have these documents printed?

Agreed. (See Appendices A, B and C.)

Mr. FLEMING: Mr. Chairman, I think it would not be very proper to attempt to ask a question on this subject now. Perhaps, when we have had an opportunity of seeing the statement, and considering it, we could, if necessary, go back to this matter—after we have seen the document printed in the proceeding of the committee.

The CHAIRMAN: That will be all right, Mr. Fleming.

Mr. PEARKES: Has Mr. Macdonnell prepared an answer to my question regarding car licenses?

The WITNESS: Yes, Mr. Chairman, I have a statement here.

The CHAIRMAN: Are you ready to deal with it now?

The WITNESS: If it is the wish of the committee.

It is as follows:

A. On June 1, 1955, the Canadian permanent representative to the United Nations deposited Canada's Instrument of Accession to two United Nations conventions concerning the temporary importation of private road vehicles and customs facilities for touring. These two international agreements provide generally for the importation, without payment of import duties or special taxes, of motor cars and personal property and supplies of the owners of such cars into the various countries which are parties to these treaties, upon the production of the appropriate documentation supplied by authorized automobile associations in the treaty countries concerned. Upon compliance with these simple formalities, Canadian motor car owners will be able to take their cars and personal baggage into any of the treaty countries with little or no difficulty and without the necessity of making a deposit in lieu of import duty. Under the terms of these agreements, they shall not come into force until 90 days after they have been ratified or acceded to by 15 countries. To March 30, 1956, only 7 countries have ratified or acceded to the convention concerning the temporary importation of private road vehicles and only 9 countries have ratified or acceded to the convention concerning customs facilities for touring. When these two conventions come into force after ratification by the required number of countries, any difficulties now being encountered by touring Canadians should be substantially reduced.

A further convention, the international convention on road traffic, was adopted at the United Nations conference on road and motor transport held in Geneva in 1949. It embodies provisions relating to the international registration of motor vehicles and the recognition of distinctive markers. Registration of motor vehicles in Canada is a matter within the legislative jurisdiction of the provinces and they have been made aware on a number of occasions that this convention is open to accession by Canada. The response of the provincial governments has so far been uniformly non-committal. We have, however, indicated to the secretary-general of the United Nations that, if we should ever accede to this convention, we would like to reserve the letters "CDN" as the distinctive registration for a Canadian vehicle. The notification of this selection does not commit the government of Canada in any way.

The international recognition of these letters "CDN" and their inclusion in the provincial plate or in a separate plate affixed to the vehicle alongside the provincial plate, would not provide proof of origin or ownership. They would be a convenient indication at first glance of the vehicle's origin, but it would still be necessary to produce, in addition to a passport, a carnet de passage (for clearance of vehicle in and out of a foreign country), an international driving permit and an internationally recognized certificate of car insurance. A Canadian tourist abroad should in the first instance get in touch with a national automobile association, such as the Royal Automobile Club, the Automobile Association or the Touring Club de France. The coming into effect of the first two agreements mentioned above will, however, facilitate the obtaining of this documentation which is required for crossing frontiers with automobiles.

At the recent 21st session of the United Nations Economic and Social Council, discussions were held with a view to resolving some of the anomalies arising out of the 1949 convention on road traffic. We are giving further study to this matter and are considering whether further steps can be usefully taken.

By Mr. Pearkes:

Q. Are the markers CDN available?—A. It is my understanding that they are not, because it has not been possible for Canada to accede to this convention on a subject which is within the legislative competence of the provinces, we have simply reserved these letters for use should it be possible for Canada to accede to the convention.

Q. What are the difficulties which attach to Canada's acceding to this? I understand that the United States has overcome the difficulties, and the situation as between the Canadian provinces and the individual states of the United States are not dissimilar; licences are issued by individual states in the United States and by the provinces in Canada, yet the United States is able to issue a distinctive marker which enables their tourists to overcome the inconveniences which have been mentioned.—A. My information is that the provinces have not so far expressed an interest in making this arrangement.

Q. And the federal government has not taken a lead in the matter?—A. As I said a few moments ago, it has been referred to the provinces on a number of occasions but so far their replies have been non-committal.

Q. May I ask when was the last occasion on which representation was made? Was it quite recently or several years ago?—A. I think it was within the last year or year and a half. We are considering at the present time whether any further approach might be fruitful.

Q. I hope you will be able to follow this matter up, because I have received complaints from a number of people who are touring in Europe, and there are more and more Canadians who are going over to Europe either with their own cars or, perhaps, getting cars over there with Canadian provincial license plates on them; and it would be a great help if this matter could be resolved.—A. I think it would also be helpful, Mr. Chairman, if those individuals and the Automobile Associations would in addition make their views known to the provincial authorities who have the primary responsibility in this field.

Q. I agree, and I think the Automobile Associations should be the prime movers; I am surprised that they have not taken the matter up.

By Mr. Crestohl:

Q. For practical purposes, have you any information as to the approximate number of Canadian automobiles which have been taken over for touring

purposes, let us say during the year 1955 or 1954? We might then be able to form some idea of the extent to which this matter has importance.—A. I am sorry, we do not have those statistics, Mr. Chairman.

Mr. STARR: I think a solution to the whole problem lies in a request to the provinces for their cooperation when they are stamping out these license plates. If they would put the word "Canada" on them I doubt whether the cost would be very great. Every car would then have the label "Canada" on it and there would be no doubt where it came from. The letters CDN are understandable to members of this committee, but I very much doubt whether it would be so clear to everyone, particularly to people in foreign countries.

The CHAIRMAN: Are there any other questions in respect of this subject matter? We shall now take up item 95—

Before, however, Mr. Macdonnell would like to answer the question asked by Mr. Fleming with respect to blocked currencies.

Mr. FLEMING: Yes, I asked for a table on that subject, Mr. Chairman.

The WITNESS: Mr. Chairman, we have prepared a table in considerable detail which shows the amount agreed originally in settlement, the amount received to March 31, 1956, the amount distributed by various departments of government, the balance of any funds remaining and, finally, the amount spent by the Department of External Affairs and the purposes for which it was spent.

By Mr. Fleming:

Q. It is a lengthy statement; have you enough copies to go around?—A. No sir, I only have two or three copies here.

Q. Then I suppose, Mr. Chairman, it will be printed in the record, and we could go back to the subject at a later meeting after we have had an opportunity to peruse it. It will have a bearing, I think, on this subject of properties abroad which we are approaching.

The CHAIRMAN: Is it agreed that this statement should be printed in the record of our proceedings?

Agreed. (See Appendix D)

The CHAIRMAN: Let us take up item 95, Properties Abroad. Mr. Leger's statement is at page 118 and the details are at page 75 of the minutes of proceedings. Are there any questions with respect to properties abroad?

Mr. FLEMING: In respect to Mr. Leger's statement under this heading, after speaking of the purchase of a building in Rome to serve as an office, he mentions the recent acquisition of a residence for the ambassador in Oslo, Norway for \$200,000, and comments that these constitute the only large property purchases in the fiscal year 1955-1956. May I ask what provision is now being made for office facilities for the mission in Oslo?

Mr. W. D. MATTHEWS (*Assistant Under-Secretary of State for External Affairs*): They have been using a rented flat as an office and we are continuing to use that flat as our office in Oslo. There is no change.

Mr. FLEMING: It is the same one as we have had for some years?

Mr. MATTHEWS: Yes.

Mr. FLEMING: This is in an office building?

Mr. MATTHEWS: Yes.

Mr. FLEMING: Is there any difficulty with regard to security presented by having an office in office buildings?

Mr. MATTHEWS: We have a similar arrangement in a good many places; obviously it is not as secure as if we had our own building; that is one of the reasons why we hope gradually to acquire our own buildings for office purposes in most capitals.

Mr. FLEMING: Further on, Mr. Chairman, there is a reference in Mr. Leger's statement to the provision of a sum, last year, of \$700,000 and, in the estimates this year, of \$800,000 not specifically ear-marked for particular purposes; in other words we are asked to provide \$800,000 in unallocated funds.

The CHAIRMAN: Is the point you raise derived from the statement found at page 119?

By Mr. Fleming:

Q. Yes. By this provision of unallocated funds. Mr. Chairman, is, I think, not the sort of thing which commends itself as a rule to committees of parliament. It is not, I think, the wish of most committees to see funds provided without a specific purpose being attached to them when parliament is asked to vote the funds. I would like to ask Mr. Macdonnell what are the particular projects which the department has in mind, at any rate, in relation to this substantial item and to ask him also why it is not possible to be more precise in budgeting; and to ear-mark the funds rather than leave them unallocated at the time of the votes.—A. I think, Mr. Chairman, that our main difficulty here is in not being able to predict from a year to eighteen months in advance whether a purchase can be made in a given capital. We have at the present time—and we have, really, at all times—a list of property purchases which we think could be justified, at a total cost, perhaps, of about \$1,500,000 to \$2 million. Mr. Matthews reminds me that when these estimates were made up we listed \$1,800,000 worth of projects which we thought were sensible and economic, but we could not be sure that property would be available. We know, for example, that we would like to buy a residence in a capital such as Brussels, because we may have to leave our present building, and it is a question of buying or looking for another place to rent. There are many arguments in favour of buying, but we cannot be certain that a building will be available suitable for our purposes in Brussels at a price which the department and, what is even more important, the treasury board, would regard as suitable. We are bound to take advantage of market conditions, or to be held up by market conditions, and that is really why we ask for a sum which is not ear-marked for any particular capital. If we were to ask for money to be voted for, let us say, Brussels, as an example, and if no satisfactory purchase could be found there we would not be able to use the money in Brussels nor would we be able to use it elsewhere should a suitable opportunity occur.

The point I would like particularly to make is that we always have a much larger list of suitable purchase projects than we have money available.

Q. How do you arrive at the figure of \$800,000 if you have not set it up on the basis of specific projects, Mr. Macdonnell?—A. That is partly a matter of experience. We find that within the course of a year we are not likely to be able to find suitable projects at a cost running in excess of that figure. The amount stated is bound to be arbitrary to some extent, but the number of opportunities which present themselves and the time needed by our staff and by appraisers and consulting architects in evaluating these projects do place a limit on the amount of money that we can spend on property purchasing in the course of a year.

Mr. MATTHEWS: I think there is one point in which the committee would be interested. Yesterday I was talking to one of the senior officials of Treasury Board and we were considering the possibility of meeting this problem by supplementary estimates after the event. They are going to see whether there is any way in which that could be done; when an appropriate project turns up they could finance us temporarily until the next supplementary estimate. That is certainly the best way of doing this, from all points of view. They are not sure whether they can do it, but they are exploring that possibility.

Mr. FLEMING: I am glad to see that the possibility is being examined, Mr. Chairman. How much out of this figure of \$700,000 during the last year was actually expended?

Mr. MATTHEWS: I think that, of the total vote, there was quite a large lapse; some of the projects we itemized did not materialize. As Mr. Macdonnell said the other day, included in the capital expenditure was a large amount for cypher equipment which was not spent during the year.

Mr. FLEMING: That has nothing to do with this figure?

Mr. MATTHEWS: No. All told there would be \$200,000 for Oslo, and \$386,000 in Rome, or \$586,000 for the major capital items last year which were not foreseen at the time that the estimates were prepared.

Mr. FLEMING: Was the \$586,000 all charged to the appropriation of \$700,000?

Mr. MATTHEWS: Yes.

Mr. FLEMING: You had a lapse of \$114,000?

Mr. MATTHEWS: Yes.

Mr. FLEMING: Why were you budgeting for an increase of \$100,000 at that time on unallotted projects? There must be some basis for the preparation of the item and I presume that must have had reference to certain projects in view.

Mr. MATTHEWS: Well, there were some fairly extensive items for places where we had leases which we knew were going to end; one was the Argentine; another one where we knew the lease was going to end was in Brussels.

Mr. FLEMING: How much has been allowed for each of those in arriving at this \$800,000?

Mr. MATTHEWS: In the Argentine we doubt if we will be able to buy a property and do the necessary repairs for much under \$300,000. In Brussels we think that it will probably be \$225,000. Another place where we have an unsatisfactory house and where we will probably have to undertake a building project as soon as we can get it underway, is in Ankara; that is \$200,000. The total list of these which we foresee over a period of a few years is \$1,800,000. There are others. This is the list prepared at the time we prepared our estimates last November. If we prepared a new list now it would probably vary slightly. This is the list: Buenos Aires, \$300,000; Brussels, \$225,000; Colombo in Ceylon, \$115,000; a chancery in Copenhagen, \$150,000; New Delhi, \$80,000; Tel Aviv, \$40,000; Karachi, \$40,000; Lisbon, \$175,000; Ankara, \$200,000; a cooperative apartment for the permanent delegate to the United Nations in New York, \$125,000; in Pakistan, Australia and Ireland, planning and service, and initiation of anticipated construction, \$100,000. We know that we cannot undertake all these in one year. We could not physically supervise them.

Mr. FLEMING: This raises a point directly. Perhaps this is not the best time to discuss it. However, I would like to come back to this item again when we are dealing with the question of voting amounts. I will just say here for the present that I do not think this is a sound way to deal with our responsibilities in respect to voting on items or recommending to the house that the house vote on these. If any of the projects are sufficiently advanced and the need is shown, then I think they should be dealt with on the basis of individual votes. I think it is quite wrong in principle to have substantial amounts of money set up without a clear definition of the position of the vote. When we hear that there are things like a cooperative apartment in New York to be provided at a cost of \$125,000 for the accommodation of the permanent Canadian

delegate to the United Nations, I think it illustrates very very clearly why we should have individual items with an adequate explanation of each to satisfy this committee and the house that the appropriation for that particular purpose and in that particular amount is justified. I am glad to hear from Mr. Matthews that there has to be an approach made to the treasury board with a view to meeting the problem in a different way. After all, the problem is not new. We have the same problem here in Canada with respect to acquisition of properties and, as I understand it, the principle is sound, with parliament meeting in long sessions and estimates and supplementary estimates and further supplementary estimates being introduced from time to time throughout the year. At the moment I do not see why the proper principle of a strict parliamentary control of expenditures should be departed from in a case of this kind. Perhaps I do not need to go further with this at this point. We can come back to it when we are discussing the items as such. I do want to raise this point.

Mr. CARDIN: At page 119 of Mr. Léger's explanation of the \$800,000, he mentions that the money is to go for the purpose of three or four properties. I wondered whether Mr. Macdonnell, or Mr. Matthews, could tell us which properties Mr. Léger might have had in mind?

Mr. MATTHEWS: Those would be three or four of the properties which I have already mentioned. We are looking for a property in Buenos Aires, Argentina. Our present accommodation there is very expensive and very unsatisfactory. If we can find a suitable house we certainly want to buy one. We have not been able to find a suitable house at a price which we are ready to recommend to the Treasury Board. In Brussels, we are now exploring the possibility of buying there, because the ambassador will have to move out of his present house. They have been looking there for something to buy and have not found anything yet. We are also looking into the question of acquiring land and trying to get an estimate of the cost of building so we can decide whether we should put forward a proposal such as that. We know of a great many places where we feel that we should have properties, but have not yet developed them to the stage where we are in the position to put forward a recommendation to the Treasury Board.

Mr. FLEMING: The whole difficulty with an appropriation of this kind, without any strings attached, leaves it completely within the discretion of the department as to what properties are to be acquired and at what price. It might well be, if all the facts were to come to a committee like this or to the house, that they would not be prepared to approve that particular purchase or a that particular amount. It is a question of trying to reconcile the principle of parliamentary control with putting ourselves in a position to acquire properties where the need arises. Of course, time is often a factor in these situations if you cannot obtain an option. But, after all, at least three times a year, if not four, estimates are being brought before the house and parliament is sitting so long now it is in a pretty good position to take care of anything regarding an emergency.

Mr. McMILLAN: As long as we need property abroad, is it not well to have money on hand so as to be in a position to take advantage of any sale which might come up, particularly if it is to our advantage?

Mr. MATTHEWS: That is the difficulty. If you cannot come up and deal at the time, it is very difficult to get them to give you an option which will run for some months. That is one of the difficulties.

Mr. McMILLAN: It is hard to obtain an option?

Mr. MATTHEWS: Yes.

Mr. McMILLAN: Would it not be well to have some money on hand like this in order to pay for the option or to buy, if necessary, if the opportunity presents itself, and also if it was advantageous.

Mr. MATTHEWS: That, of course, is the reason why these sums have been put in the estimates. One point which I wish to make clear to Mr. Fleming is that it is not solely at the department's discretion. The Treasury Board looks very closely at these proposals when they are developed.

Mr. FLEMING: We have also to look very carefully at Treasury.

Mr. CRESTOHL: I could go along with Mr. Fleming if there was no approximate amount mentioned. It is not a blank cheque; it is a restricted figure.

Mr. FLEMING: Up to \$800,000?

Mr. CRESTOHL: Based on a number of properties, but it is not an authorization to the department to go out and buy a property irrespective of the amount they would pay. We do limit the figure for the acquisition of those properties beyond which they cannot go. We should fix a limitation to certain figures and allow them some latitude in acquiring properties which they indicate are urgently needed.

Mr. FLEMING: As the only restriction here is in the aggregate of \$800,000, there is no restriction of any kind here as to the price, where the property will be located, or the amount.

Mr. CRESTOHL: The deputy minister very clearly indicated that to you in his statement at pages 118 and 119.

Mr. FLEMING: He indicated the places which they have in mind, but there is no limitation of that kind at all. It is not correct to refer to that as a limitation. There are some things which the department has in mind and Mr. Matthews has enlarged on them. They are taken from a list of \$1.8 million.

Mr. CRESTOHL: But not for the current estimates.

The CHAIRMAN: Could Mr. Matthews clarify this?

Mr. FLEMING: There is no requirement that it be used for any of these purposes, nor is the amount specified in any way whatever. It is a blanket sum of \$800,000.

Mr. CRESTOHL: That is not the way I understood the deputy minister's statement.

Mr. FLEMING: He is indicating certain properties where there is need, and he enlarged on some of those, and Mr. Matthews has enlarged on others.

The CHAIRMAN: Let Mr. Matthews repeat what he said before.

Mr. MATTHEWS: I think that Mr. Fleming is right, that the funds are voted and it is up to the department to develop projects and get approval of the Treasury Board for the expenditure which cannot exceed \$800,000.

Mr. CRESTOHL: Yet you indicate the places where you will dispose of the \$800,000.

Mr. MATTHEWS: Those are the ones where we expect the projects will develop.

Mr. JUTRAS: I think that Mr. Fleming's point is not so much the amount but the principle of unallotted funds. We will come back to that when we get to the estimates.

Mr. NESBITT: If the department has certain places in the world where they hope to be able to acquire properties, as has been already suggested, might it not be better when the time occurs that they appear in the supplementary estimates. I have in mind a case, for instance, where the Department of

Citizenship and Immigration purchased certain pictures from the Prince of Leichtenstein. The money was not available at the moment but the arrangement was made and then it came in in the supplementary estimates. Could not something of that nature be done in respect to the property which they hope to acquire at Buenos Aires, Ankara, or some other place?

Mr. MATTHEWS: That is what we had been trying to do, to obtain approval from the Treasury Board to have it financed in the interim.

By Mr. Nesbitt:

Q. I have a question, Mr. Chairman, regarding property. On page 179 of the estimates there is an item there of \$6,305 for operational expenses at Nanking, China, and I see further on there is one for expenses at Shanghai. Could you give us some indication of exactly what these moneys will be used for at Nanking and Shanghai?—A. Mr. Chairman, those are essentially custodial expenses. There are, of course, no offices in operation at the present time, but there is some property which is owned by the government and we have been able to make arrangements to pay people to safeguard and look after those properties.

Q. The reason I asked the question is that it seems a relatively small amount and I was wondering just what it would be used for. Are there certain real estate properties there still owned by the Canadian government?—A. Yes. You could describe these as caretaker's expenses.

By Mr. Fleming:

Q. Mr. Chairman, on page 119, in the last paragraph under "Properties Abroad", there is a statement that we now own 34 separate properties in 18 countries. Could Mr. Macdonnell furnish us with a list of the properties which we own abroad and the book value which I presume is the cost of acquisition.—A. Yes, Mr. Chairman, we can either put in a statement or we have the figures here.

Q. It might take some time to go through 34 items. It would be just as useful, I think, if Mr. Macdonnell could give the information and have it included in today's proceedings. We can come back to it again if it is necessary (*See Appendix E*). Further, in the same paragraph, there is the statement that the department is giving prime consideration to the needs of posts where the housing situation is difficult or very expensive, with due emphasis on the effect local conditions may have on the health of our personnel. Is there anything to add to that, or is that simply a reference back to places which have been mentioned in the preceding paragraph under the same heading?—A. It is a reference back. I think essentially it refers to countries where there is overcrowding and difficult conditions.

The CHAIRMAN: Are there any further questions?

We shall now take up NATO, page 119 of Mr. Leger's statement.

By Mr. Fleming:

Q. As far as NATO is concerned, while a great deal of Mr. Leger's statement is concerned with the expense of our own representation at NATO, I take it that we are also contributing our share of the overhead expenses and the expenses of maintaining the secretariat of NATO. In a statement with which we were furnished earlier, we were not given any breakdown in relation to NATO to enable us to estimate the expense on the administration side. Have you a figure on that?—A. Mr. Chairman, the following are figures for the civil budgets of NATO for 1954-55: there was contributed from the external affairs' vote \$227,000, and there was about \$140,000 from the mutual aid vote in the Department of National Defence, making a total contribution of \$367,000.

Q. Now, that, I take it, has nothing to do with the cost of Canada's representation there, but that is the levy of Canada to meet the administration expenses of maintaining NATO?—A. That is correct.

Q. Is Canada furnished with an adequate budget in relation to the expenses year by year? What budgetary control is maintained?—A. There is a very careful budgetary examination by experts of all the NATO countries. The figures go through the same sort of scrutiny that national and other international budgets go through in various stages.

Q. Who is Canada's representative in the budget scrutiny?—A. That is essentially the responsibility of the Department of Finance.

Q. Is the budget then submitted to Ottawa, or is it a matter of Canada sending a representative to the Palais de Chaillot to carry on its scrutiny there?—A. There is a committee which works at the Palais de Chaillot. The secretariat brings in its budget figures, they are examined, the various national representatives send them home for scrutiny and comment or instructions, and there is the usual discussion about possible increases or decreases.

Q. What is the salary and emolument attached to the office of the secretary-general of NATO?—A. I would have to look up those figures for you.

By Mr. Jutras:

Q. Is the figure you gave of \$367,000 the civil budget?—A. Yes, sir.

By Mr. Patterson:

Q. Mr. Chairman, I wonder just how the figures were arrived at for the various countries, their respective share of the budget? How is that arrived at?—A. That is essentially, Mr. Chairman, a matter of discussion and compromise. They take into account such factors as national income. It is always a problem, in any international organization, to reach agreement on the exact share that each member should pay. But that is the way it is worked out.

Q. Somewhat on the same basis as the budgets for the United Nations?—A. Yes.

By Mr. Crestohl:

Q. In addition to the percentage of contribution which Canada makes to this budget, does Canada have any additional expenses in connection with its personnel serving there?—A. There are additional expenditures for the military budget of NATO.

Q. Apart from the military budget.—A. Apart from the military budget, we pay through this vote the share of the civil budget that is Canada's. We are also contributing to the building of a permanent headquarters which is going up in Paris. Then, finally, we pay something for Canadians who are attached to the staff of the secretariat. As you will notice, when we go through the estimates, there is a separate provision for that. That really represents the difference between European salary scales and Canadian salary scales. Canadian officials who become members of the secretariat are paid at Canadian rates.

Q. Am I correct in concluding then, Mr. Macdonnell, that if there was no difference in the currency exchange between Canadian and European currency that in our contribution on this percentage basis, which I see has recently been reduced by the admission of western Germany, there would be no other additional expenditure on the civil side that Canada would have in connection with its participation in NATO?—A. Our contribution on the civil side would be limited to our share of the civil budget, our share of the cost of the headquarters, and a small amount to pay for the staff at the secretariat.

By Mr. Pearkes:

Q. Are any nations in default or in arrears on their payments?—A. No, sir. Not that I am aware of.

By Mr. Fleming:

Q. You are speaking now of NATO?—A. Yes.

Q. Canada is being asked to contribute 6.08 per cent of the cost of these substantial office facilities for NATO and the delegates to NATO. Is space to be allotted in proportion to the contribution?—A. Countries have been asked how much space they want to take up, because some of this will be worked out on a rental basis. We are putting in our share now of the construction costs. Some of that will be credited to us in later years in terms of rental. But we have freedom to decide how big or how small the office space would be which we would require.

Q. And the contribution is simply a contribution to cost of construction and has no direct relationship to use afterwards?—A. That is right.

The CHAIRMAN: Are there any questions with respect to the United Nations?

By Mr. Fleming:

Q. I might ask the same question which General Pearkes asked with reference to NATO as to whether there is any arrears in contributions?—A. I think we would have to look that up in order to give you an adequate answer.

By Mr. Starr:

Q. Under the United Nations Organization, would the admission of new members to the United Nations Organization reduce Canada's share substantially?—A. Yes, Mr. Chairman, although with sixteen new members it seems likely that the expenses of the organization will increase to some extent.

By Mr. Crestohl:

Q. That would be on the same basis as there was a reduction in NATO by reason of the admission of western Germany?—A. Exactly.

The CHAIRMAN: Let us now take up at page 123, of Mr. Leger's statement "intergovernmental committee on European migration".

Mr. FLEMING: I thought there was an intermediate item in there—"notes regarding the economic and social functions of the United Nations". I have a question on that. On page 121, about two-thirds of the way down the page, in reference to the special United Nations fund known as SUNFED, to provide grants and long-term low interest loans to the governments of underdeveloped countries, we have the statement that the Canadian contribution with respect to SUNFED is under study. Can Mr. Macdonnell add something to the rather bare statement we have on that point?

The WITNESS: I do not think I can, Mr. Chairman. It is under study, under active study; but the study has not been concluded.

By Mr. Nesbitt:

Q. In that regard, further to Mr. Fleming's question, would the steps being taken in connection with this matter include a study of whether or not aid to these underdeveloped countries might be better done through some other means than the Colombo plan?—A. I think all relevant factors have to be taken into consideration—questions such as how much aid, what kind

of aid, whether it should be given through existing international organizations, or through bilateral arrangements, or through a new international organization—these are all pertinent questions.

Q. But, with regard to the earlier point, is that one of the things being considered in this special study?—A. I think it is fair to say that all aspects, including the one you have mentioned, must be looked into.

By Mr. Fleming:

Q. Further down, Mr. Chairman, on page 122, in reference to the work of the United Nations, the record says:

The work of the United Nations Korean Reconstruction Agency has proved successful but is now becoming limited in scope because of diminishing financial support.

I would like to ask Mr. Macdonnell about the extent of the need. The reference here is to diminishing financial support, obviously resulting in a diminution of reconstruction work. What can we be told about the need?—A. Perhaps we might look into that and get a few of the facts for a subsequent meeting.

Q. Then, at the middle of the same page, we have a statement in reference to the efforts of the United Nations commissioner for refugees to assist persons who have had to seek refuge for fear of persecution. The statement follows:

Not including the Palestinian refugees there are still some 70,000 persons under the mandate of the high commissioner living in refugee camps in Europe and the Middle East.

Leaving aside the refugees from Palestine, could we be told more about the 70,000 other refugees quartered in refugee camps in Europe and the Middle East? Are these the hard core of wartime refugees, still?—A. They are—

Q. Or are they political refugees fleeing from persecution?—A. There are both groups. There is the so-called "hard core" of refugees—the old, the sick and those whom it has not been easy to place—and in addition there has been a continuous movement of people from one side of Europe to the other—people who make their way into Western Europe and form part of the problem.

Q. Have you any figures of the numbers of refugees from these two sources respectively?—A. I do not have them available.

Q. I am wondering whether we could be told anything more about the outlook facing these refugees who are classified as being in the "hard core". Is there anything ahead for these unfortunate people except to spend the rest of their lives in refugee camps? It is a poor comment on the humanity of western nations if that is all they have to look forward to.—A. I would like to make some further inquiries into that, if I may.

By Mr. Crestohl:

Q. Would you make inquiries as to whether there are any refugee camps as such still existing in Western Europe or are the people sustained in homes or shelters of some kind?—A. We would be glad to do that.

By Mr. Pearkes:

Q. Could Mr. Macdonnell tell us what happens when a man crosses from East Germany into West Germany? What happens when a man escapes from behind the iron curtain? Is he taken into one of these refugee camps or is he shipped across to some other country?—A. There are a number of organizations which are active in this work, I believe, some governmental, some intergovernmental and some purely private and voluntary. They endeavour

to place these people. Some of the refugees are, I believe, quickly absorbed into the labour force in West Germany; others have prospects for emigration overseas, or for movement to other countries in Europe. But I think there are a number of bodies, some private and some governmental, which by working together manage to deal with the refugees who come over.

Q. These are recognized organizations? They do not have to go to any sort of private reception group such as was used for the reception of refugees during the war?—A. I think there are a number of agencies some, as I say, voluntary, some sponsored by the West German government and some sponsored internationally which undertake this work.

By Mr. Fleming:

Q. My understanding, from what I have seen of the situation is that the problem we are dealing with here does not affect the Germans who escape from the Russian occupied part of Germany into West Germany, because that is clearly a matter for the German government to deal with, and they have their own machinery for dealing with it. The problem we are dealing with in considering this particular paragraph would affect nationals from other countries who might escape to Germany. I understand that Germans who escape from Eastern Germany into the territory of the West German republic are dealt with entirely by the government of the West German republic.—A. I believe that is so, and the remainder of the problem, as you mentioned, concerns people of Polish, Czechoslovak and other nationalities who find their way there.

Q. When you are gathering this information for the next meeting would you indicate to us, also, where these refugee camps are located?—A. I will, if we can get the information.

MR. FLEMING: That is, under the supervision of the United Nations high commissioner for refugees.

By Mr. McMillan:

Q. Mr. Macdonnell, I think you said that there were no arrears in respect to subscriptions from the different countries in the United Nations?—A. In NATO, I said.

Q. But there are, in the United Nations?—A. We will look into that.

Q. I notice there are arrears in the world health organization, are there not?—A. I think that with regard to most of the specialized agencies there are some arrears. It is a problem which has to be faced every year at their meetings.

Q. Do those countries which come in later pick up their arrears? For instance, Russia has come back into the world health organization—A. That is one of the subjects which, I believe, is under discussion at a meeting taking place in Geneva at the present time.

MR. PATTERSON: I would like to ask a question with regard to the International Finance Corporation?

MR. FLEMING: Before we go on to that I have one question on the world health organization. I was going to ask Mr. Macdonnell if he would bring to a subsequent meeting a list of the present members, and the changes in the membership of that organization in recent years.

MR. PATTERSON: Mr. Chairman, on page 121 of the minutes of evidence Mr. Leger's statement says:

It is hoped that the International Finance Corporation will soon begin operations when a total of 30 countries have subscribed some \$75 million.

I wonder how many nations have, up to the present, become members and, also, what is the total amount which has been subscribed?

The WITNESS: I will try to obtain that information.

The CHAIRMAN: Are there any other questions?

By Mr. Fleming:

Q. Mr. Chairman, on page 123, about two-thirds of the way down, there is the sentence:

Another useful agency is the International Monetary Fund which provides the machinery for international consultation and collaboration on monetary payments and exchange problems.

What policy is the Canadian government advocating in reference to the purchase and use of gold through the International Monetary Fund?—A. That is a question, Mr. Chairman, that I cannot answer offhand.

Q. Does your department have anything to do with that, or is it entirely a matter of finance?—A. The Department of Finance and the Bank of Canada have the major responsibility in matters relating to the Fund and the International Bank.

Q. Is it any use asking you—A. I do not think it would be very productive, Mr. Chairman.

Q.—to get a statement on policy in that regard?

The CHAIRMAN: No, I do not think that the witness should be called upon to answer this question.

Mr. FLEMING: All right, Mr. Chairman.

By Mr. Fleming:

Q. I have a question with regard to the paragraph at the bottom of page 121 which refers to the inter-governmental committee on European migration. What functions is that committee discharging, and what part is Canada taking in its work?—A. The organization is designed to assist migration from Europe to various overseas countries.

Q. Including Canada?—A. Canada has not as I understand it, been making very much use of the facilities provided by the organization, and the question of the nature and the amount of Canadian participation is at the present time under study, so I would find it difficult to answer your question.

Q. One can understand why the Canadian government would not make very extensive use of any facilities provided, because we have our own facilities in most places where migrants are being sought, but I was wondering about the work of this committee, particularly in view of the fact that Canada's assessment is being raised from \$160,000 last year to \$209,000 this year. I think we ought to know something about the function of that committee and what usefulness it has to its credit. Could you get some information for us on that, or is it outside the scope of your department, again?—A. Well, the people who are principally concerned are obviously the Department of Citizenship and Immigration and we are studying with them and with the Department of Finance at the present time the sort of question you have raised.

Q. But the appropriation is charged to your department?—A. That is right.

Q. I think maybe it is fair that we should ask you to get what information you can, then, Mr. Macdonnell for a later meeting.

The CHAIRMAN: Page 124 of Mr. Leger's statement—"Indo-China".

The WITNESS: Mr. Chairman, may I bring the record up to date with respect to one statement that was made with regard to the recovery of advances? In Mr. Leger's statement on page 125, about three-quarters of the way down the page, it is stated:

To enable the commission to begin functioning immediately, the three supervisory governments also agreed to each advance, on a recoverable basis, sums equivalent to \$100,000 (U.S.) to the common pool until the Geneva conference members could arrange to make regular contributions to the common pool.

The statement continues at the end of the first paragraph on page 126:

We understand that we may expect a preliminary payment on the sum we originally advanced to the common pool in the very near future.

I would just like to say that we have had a telegram saying that the cheques are in the mail.

The CHAIRMAN: Thank you. Are there any other questions?

By Mr. Pearkes:

Q. I wanted to ask a question, and I think this is the right place for it, in connection with a statement which was made that Germany was not going to pay any contribution toward the maintenance of Canadian troops in Germany. Canada has been in a different position from that of the occupational troops. Canada has been paying her own way. Will the declaration of this change by Germany affect the amount of money which it will cost Canada for the maintenance of Canadian troops in Europe?—A. There are negotiations going on between a number of the NATO countries who maintain forces in Germany and the government of the Federal Republic. I think it is too early to say to what extent those negotiations will affect the Canadian position and I expect they will take some time to complete. It will not be clear for some time to come just what will be the effect of the arrangements that will be made. This will not only involve the United Kingdom, the United States and France but it may affect countries such as Belgium, The Netherlands and ourselves.

Q. What is the exact position at the present time?—A. I think it could be summarized—perhaps oversimplified—by saying that the German government has indicated that there are limits to the kind and nature of contributions that it is willing to make. The three former occupying powers have entered into negotiations with the German government, and the outcome remains to be seen.

Q. Has the Republic of West Germany been paying anything toward the maintenance of Canadian troops in West Germany?—A. The Canadian forces in Germany have been paid for and supported by the Canadian government, although, I think, some of the capital facilities which they are using may have come originally from occupation and German sources.

Q. With reference now to the construction of the new buildings which have been erected by the Canadians, has Canada bought that land on which buildings have been constructed? Canada I believe, paid for the construction of the buildings; do you know whether Canada owns the actual land?—A. I am not sufficiently familiar with the details to be able to answer that question, I am afraid.

The CHAIRMAN: Gentlemen I must inform you that we have lost quorum and I would welcome a motion to adjourn. Before we do so, I wish to thank Mr. Matthews and Mr. Macdonnell for their co-operation.

Mr. FLEMING: Will they be back with us, Mr. Chairman?

The CHAIRMAN: Next Tuesday.

APPENDIX "A"

QUANTITY COST AND DISTRIBUTION OF INFORMATIONAL MATERIAL BOOKLETS PRINTED BY QUEEN'S PRINTER

	Quantity Printed	Unit Cost to E.A.	Total Cost to E.A.	Distribution in Canada
I. PRODUCED BY EXTERNAL AFFAIRS:				
1. <i>Issued Annually:</i>				
Canada and the U.N. 1954-55..	5,112	.81	\$4,116	3,600 ⁽¹⁾
Annual Report.....	2,100	.47	985	1,600 ⁽²⁾
2. <i>Directories:</i>				
Canadian Representatives				
Abroad (quarterly).....	1,935	.45	938	see footnote ⁽²⁾
Diplomatic Corps (quarterly)	1,450	.56	822	"
3. <i>Monthly Bulletin:</i>				
Subscriptions ⁽³⁾	5,050			
Free Distribution.....	4,022 ⁽⁴⁾	.48	1,931 ⁽⁵⁾	6,500 (approx.)
4. <i>Others:</i>				
Canada From Sea to Sea (In preparation) ⁽⁶⁾				
Canada in Pictures.....	500,000 ⁽⁷⁾	.05	23,478	nil
Fact Sheets.....	250,000	.616	4,000	nil
	per annum (approx.)		(estimate)	
Conference Series Reports (e.g. London-Paris Agreement— October 1954).....	1,900	.36	695.20	footnote ⁽⁸⁾
Treaty Series) Texts of Treaties).....	350	.15-.55 ⁽⁹⁾	52. -195	ltd. distribution
II. PRODUCED BY TRADE AND COMMERCE:				
Canada Handbook.....	Purchased 30,000	.68	20,400	nil

FOOTNOTES:

- (1) Distributed in Canada to Members of the Commons and the Senate, Provincial Departments of Education, the Press, Federal Government departments, Universities, Libraries, other institutions and individuals.
- (2) Distributed to Government departments, Members of the Diplomatic Corps and Posts Abroad.
- (3) Paid for and distributed by Queen's Printer.
- (4) 1,280 for Posts Abroad; 2,070 for Foreign Governments, Federal and Provincial Government departments, the press, libraries, universities and other groups and individuals; 450 for armed forces, balance retained in department.
- (5) The estimates for fiscal 1956-57 provide \$23,000 for the cost of the Bulletin for one year.
- (6) It is proposed to have a new edition of *Canada From Sea to Sea*, the Department's main publication for general distribution abroad, which was last revised in 1950. Forty thousand dollars was provided for in the supplementary estimates for 1955-56 to cover the initial costs, including art work and lay-out for all language editions, and a printing of the English edition of approximately 200,000 copies (a 5 year's supply). The further amount, \$83,000, will be required to produce the French and other language editions, including German, Spanish, Portuguese and at least one other language, with a total run of 250,000 copies.
- (7) Total produced in 1952, 1953 and 1954.
- (8) Government departments, Foreign Governments, Press, Universities, etc..
- (9) Cost varies with length of text.

APPENDIX "B"

REFERENCE PAPERS, BULLETINS, TEXTS OF OFFICIAL SPEECHES, ETC.⁽¹⁾

		DISTRIBUTION (per issue)	
		Abroad	Canada
WEEKLY BULLETIN:.....	English.....	2,742	nil
(news survey)	French.....	598	nil
REFERENCE PAPERS:.....	English.....	1,904	1,058
(background information)	French.....	391	258
	Spanish.....	509	nil
	German.....	338	nil
	Italian.....	107	nil
STATEMENTS AND SPEECHES:.....	English.....	1,068	764
	French.....	127	134
REPRINTS:.....	English.....	1,438	nil
(articles on Canada reprinted from various sources)	French.....	174	nil
PRESS RELEASES:.....		nil	538
SUPPLEMENTARY PAPERS:.....		132	95
(Reference papers of a technical character for use in the Department and at posts abroad.)			

(1) These papers are mimeographed or lithographed within the Department and the cost is included in the general vote for departmental administration.

APPENDIX "C"

NATO AND COLOMBO PLAN PUBLICATIONS¹

I. PUBLICATIONS OF THE NATO INFORMATION SERVICE—(Cost included in NATO'S Administrative Budget.)

1. *NATO Handbook*: Distributed in Canada to persons on NATO mailing list and in answer to requests for general information on NATO. The NATO mailing list (about 600 names) includes Members of Parliament and the Senate, federal and provincial government officials, universities, libraries, the press, educationists and other organizations and individuals.

2. *NATO Monthly Newsletter*: same distribution as for NATO Handbook.

II. PUBLICATIONS OF THE COLOMBO PLAN INFORMATION UNIT—(Cost included in the administrative budget of the Colombo Plan Bureau in Colombo, Ceylon.)

1. *4th Annual Report of the Colombo Plan Consultative Committee*—available to the general public for \$0.50 from the Queen's Printer. Given a limited free distribution to selected addressees.

2. *"The Task Ahead"*—A popular version of the 4th Annual Report—distributed to persons on the NATO mailing list (see above) and to individuals requesting general information on the Colombo Plan.

¹ Distributed in Canada.

3. "*The Colombo Plan*" (illustrated booklet) Same distribution as for "*The Task Ahead*".

4. "*Change in Asia*" (illustrated booklet) Same distribution as for "*The Task Ahead*".

5. "*Colombo Plan Broadsheet*"—a new monthly newsletter to be distributed to NATO mailing list and to individuals requesting information on the Colombo Plan.

III. PUBLICATIONS OF THE DEPARTMENT OF EXTERNAL AFFAIRS—
(Cost included in the general vote for Departmental administration.)

1. *Mimeographed Texts of Summarized Version of Lord Ismay's "NATO the First Five Years"*—distributed in answer to requests for information on NATO.

2. *Reprints from articles on NATO and the Colombo Plan in E. A. Bulletin*—distributed in answer to requests for information on NATO.

3. *Statements on Canadian Colombo Plan Aid.*—Distributed in answer to a request for information on the Colombo Plan.

APPENDIX "D"

STATEMENT OF BLOCKED CURRENCIES TO MARCH 31, 1956

Country	Amounts as Agreed in Settlement	Amounts Received to March 31, 1956	Amounts distributed to date (By Department)	Balances on Hand	Amounts Still to Come	External Affairs	
						Amount Spent	Purpose for which Spent
Belgium..... (Present rate of exchange ·01983).	Belgian Francs used as blocked funds came from IARO settlements.	3,300,000 B. Frs.....	(Local)	nil	nil	(Local)	Operational Expenses.
			National Defence..			2,672,872.80	
			Finance.....				
			N.R.C.....				
			Cit. and Immig.....				
Denmark..... (Present rate of exchange ·1435)	2,000,000 Kr.....	2,000,000 Kr.....	Trade & Com.....	nil	nil		Purchase of Residence for Minister. Furniture and redecoration (1950-51). Operational Expenses (Miscellaneous Minor Capital expenditures)
			Justice.....				
			P.P. & S.....				
			Agriculture.....				
			External Affairs.....				
			3,300,000.00				
			Fisheries.....			858,574.00	
			Veterans Affairs.....				
			Cit. and Immig...			103,653.00	
			Transport.....			462,420.57	
France..... (Present rate of exchange ·002832).	Fr. Fr. equivalent of \$7,535,580.00 U.S.	1,024,650,000 Fr. Fr.	Agiculture.....	46,057,213 Fr. Fr.	Fr. Fr. equiv. of \$2,035,580 U.S.	1,424,647.57	Purchase of residence, Paris. Purchase of furniture for Bonn (1950-51). Purchase of furniture for Athens (1950-51). Purchase of furniture for Stockholm (1950-51). Acquisition and Construction of Buildings, Paris (1951-52). Renovation of Residence (1952-53). Renovation of Chancery (1952-53). Purchase of Space for offices of the Canadian Delegate to NAC. Operational, Miscellaneous Capital Expenses, Fellowships & Scholarships, NATO, etc.
			National Defence..			76,136,181	
			Trade & Commerce			8,622,929	
			Finance.....			4,291,219	
			Cit. and Immig.....			5,907,562	
			Public Archives...			124,095,760	
			Post Office.....			45,249,175	
			Nat. Health & W...			822,983	
			Veterans Affairs...			41,504,546	
			External Affairs...			214,881,834	
			1,878,592,787			521,562,189	

EXTERNAL AFFAIRS

293

[illegible]

*Received and spent prior to settlement.

Germany.....
(Present rate of
exchange - 2354)

Italy.....
(Present rate of
exchange
·001591).

Japan.....
(Present rate of
exchange
·002753).

The Netherlands

(Present rate
of exchange
·0588).

APPENDIX "D"—Con.
STATEMENT OF BLOCKED CURRENCIES TO MARCH 31, 1956—Con.

Country	Amounts as Agreed in Settlement	Amounts Received to March 31, 1956	Amounts distributed to date (By Department)	Balances on Hand	Amounts Still to Come	External Affairs	
						Amount Spent	Purpose for which Spent
Spain.....	17,587,500 pesetas	17,587,500 00 Pts. 49,478.58 (Int.)	(Local) Trade and Com.... 1,882,043.70 Finance.....15,750,000.00 Bank Charges.... 11.55 Stamps..... 37.95	4,885.38 Pts.	nil	(Local)	
(Present rate of exchange -02565).		17,636,978.58	17,632,093.20				
Indian Rupees (received from sale of Spanish pesetas).	7,236,000 pesetas traded for 720,800 Rs.	720,800/6/11 Rs.	Cit. and Immig.... 122,275/0/1 External Affairs.... 698,525/6/10	nil	nil	598,525/6/10	Operational Expenses (and Minor Capital Expenditures).
			720,800/6/11				
(Present rate of exchange -2087).	8,514,000 Pts. used for rupee purposes (value \$176,704.69).	Total received.....	External Affairs.... Value 176,704.69 Cdn.	nil	nil	Cdn. Value 159,542.36 17,162.33	Acquisition and Construction of Buildings (1951-52). Operational Expenses (1951-52).
						176,704.69	
Yugoslavia.....	Dinar Equivalent of \$150,000 (U.S.)	26,250,000—D. 458,102—	Finance..... 125— External Affairs.... 26,585,000— Bank Charges.... 1,610— Transferred to Working Capital Adv..... 121,367—	nil	nil	2,010,000 D 24,575,000	Acquisition of Equipment (1951-52). Operational Expenses (and Minor Capital Expenditures.)
(Present rate of exchange -0026166).		26,703,102—D.				26,585,000 D	

APPENDIX "E"

PROPERTIES ABROAD OWNED BY THE CANADIAN GOVERNMENT AND
OCCUPIED BY THE DEPARTMENT OF EXTERNAL AFFAIRS

POST	DATE ACQUIRED	COST IN DOLLARS	
AUSTRALIA			
Canberra			
Residence.....	July 1950.....	Purchase Price.....\$	42,189
		Cost Improvements.....	677
			<hr/>
Staff House (1st Secretary).....	March 1955.....	Purchase Price.....	42,866
			7,658
BELGIUM			
Brussels			
Chancery.....	March 1955.....	Purchase Price.....	220,109
BRAZIL			
Rio de Janeiro			
Residence.....	March 1955.....	Purchase Price.....	341,776
		Cost Improvements (esti- mated) 1955-56.....	25,000
CHINA			
Nanking			
Compound (comprising Residence, Chancery and Staff Quarters erect- ed after land was purchased).....	February 1947.....	Purchase Price.....	200,635
CUBA			
Havana			
Residence.....	March 1949.....	Purchase Price.....	87,035
		Cost Improvements.....	16,768
			<hr/>
			103,803
DENMARK			
Copenhagen			
Residence.....	December 1949.....	Purchase Price.....	136,728*
		Cost Improvements.....	834
			<hr/>
			137,562
		Cost Improvements (esti- mated) 1956.....	4,100
FRANCE			
Paris			
Residence.....	November 1950.....	Purchase Price.....	239,499*
		Cost Improvements.....	206,674*
			<hr/>
			446,173
Site for Chancery.....	December 1951.....	Purchase Price.....	298,078
		Cost Construction to Dec. 31, 1955.....	45,000
		Cost Construction (esti- mated) 1956-57.....	540,000
NATO			
Paris			
Offices.....	December 1953.....	Purchase Price.....	116,570
		Cost Improvements.....	4,920
			<hr/>
			121,490
INDIA			
New Delhi Compound (Residence and Chancery).....	June 1950.....	Purchase Price.....\$	155,289*
(Servants Quarters previously owned by Indian Government).....	January 1956.....	Purchase Price.....	3,367
		Cost Improvements.....	58,379
			<hr/>
			217,036
INDONESIA			
Djakarta			
Residence.....	February 1954.....	Purchase Price.....	53,437
		Cost Improvements.....	32,223
			<hr/>
			85,660
Residence for FSO.....	March 1954.....	Purchase Price.....	33,489
		Cost Improvements.....	905
			<hr/>
			34,394

STANDING COMMITTEE

POST	DATE ACQUIRED	COST IN DOLLARS	
Chancery and Quarters..... for staff	May 1954.....	Purchase Price..... Cost Improvements.....	85,000 13,438 <hr/> 98,438
Hill Station Bungalow.....	July 1954.....	Purchase Price.....	14,111
IRELAND Dublin			
Residence.....	December 1945.....	Purchase Price..... Cost Improvements.....	32,373 12,160 <hr/> 44,533
ITALY			
Rome			
Building Site.....	March 1950.....	Purchase Price.....	186,391*
Chancery.....	August 1955.....	Purchase Price..... Cost Improvements (Esti- mated) 1956.....	387,390* 33,000
JAPAN			
Tokyo Compound (Residence and Chancery).....	July 1935.....	Purchase Price..... Cost Improvements.....	200,000 2,565 <hr/> 202,565
Site for Chancery Extension and Staff Quarters.....	May 1953.....	Purchase Price..... Cost Construction..... Cost Construction (esti- mated) 1956.....	68,813 204,500 65,500
Staff House No. 1.....	May 1953.....	Purchase Price..... Cost Improvements.....	27,743 4,669 <hr/> 32,412
Staff House No. 2.....	August 1955.....	Purchase Price.....	15,154
Staff House No. 3.....	November 1955.....	Purchase Price.....	41,000
THE NETHERLANDS			
The Hague			
Residence.....	March 1949.....	Purchase Price.....\$ Cost Improvements.....	194,129* 18,406 <hr/> \$ 212,535
Site for Chancery.....	April 1951.....	Purchase Price..... Cost Construction..... Cost Construction (esti- mated) 1956.....	41,751* 105,820 184,000
NEW ZEALAND			
Wellington			
Residence.....	March 1954.....	Purchase Price..... Cost Improvements.....	56,265 102 <hr/> \$ 56,367
Building Site.....	April 1947.....		8,248
NORWAY			
Oslo			
Residence.....	March 1956.....	Purchase Price.....	200,000
PAKISTAN			
Karachi			
Staff Residence (Duplex).....	March 1954.....	Purchase Price.....	85,023
Staff Beach Hut.....	April 1951.....	Purchase Price.....	1,604
UNION OF SOUTH AFRICA			
Pretoria			
Residence.....	July 1948.....	Purchase Price..... Cost Improvements.....	70,613 2,965 <hr/> \$ 73,578
		Cost Improvements (esti- mated).....	4,063

EXTERNAL AFFAIRS

297

POST	DATE ACQUIRED	COST IN DOLLARS	
UNITED KINGDOM			
London			
Residence.....	March 1948.....	Purchase Price.....	92,695
		Cost Improvements.....	202,642
			<hr/>
Canada House.....	May 1925.....	Purchase Price.....	\$ 295,337
			1,053,073
			<hr/>
UNITED STATES			
New York			
Apartment for Consulate General....	September 1951.....	Purchase Price.....	27,500
Washington			
Residence.....	October 1947.....	Purchase Price.....	305,278
Chancery.....	June 1927.....	Purchase Price.....	477,754
		Cost Improvements.....	30,890
			<hr/>
			\$ 508,644

*Purchased with funds from blocked local currency.

Canada, External Affairs, Standing Committee
on 1956
HOUSE OF COMMONS

Government
Publications

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

TUESDAY, MAY 29, 1956

MAIN ESTIMATES—DEPARTMENT OF EXTERNAL AFFAIRS

WITNESSES:

Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of Finance Division; C. H. West, Chief Passport Officer.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.,
and Messrs.

Aitken	Goode	Michener
Arsenault	Hansell	Nesbitt
Balcer	Henry	Patterson
Breton	Huffman	Pearkes
Cannon	James	Richard (<i>Ottawa East</i>)
Cardin	Jutras	Starr
Coldwell	Knowles	Stick
Crestohl	Lusby	Stuart (<i>Charlotte</i>)
Decore	MacEachen	Studer—35.
Fleming	MacInnis	
Garland	MacKenzie	
Gauthier (<i>Lac-Saint-</i> <i>Jean</i>)	Macnaughton	
	McMillan	

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 29, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Miss Aitken, Messrs. Boisvert, Breton, Cardin, Crestohl, Decore, Fleming, Garland, Gauthier (*Lac-Saint-Jean*), Goode, Hansell, Henry, Huffman, James, Jutras, Knowles, MacKenzie, Macnaughton, McMillan, Patterson, Pearkes, Starr, and Stuart (*Charlotte*).—(23)

In attendance: Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of the Finance Division; C. H. West, Chief Passport Officer.

The Chairman suggested that Item 92—Departmental Administration be allowed to stand and that the Committee proceed with the consideration of Item 93—Passport Office.

Following discussion, Item 93 was adopted.

- Item 94—Representation Abroad—Operational—was called and allowed to stand.
- Item 95—Representation Abroad—Capital—was called and allowed to stand.
- Item 96—Official Hospitality—was called and adopted.
- Item 97—Relief and Repatriation—Distressed Canadians—was called and adopted.
- Item 98—Representation at International Conferences—was called and adopted.
- Item 99—Grant to United Nations Association in Canada—was called and adopted.
- Item 100—Grant to the International Red Cross—was called and adopted.
- Item 101—Grant to the Atlantic Treaty Association in Canada—was called and adopted.
- Item 102—Fellowships and Scholarships—was called and adopted.
- Item 103—Assessment in International Organizations—was called and adopted.
- Item 104—NATO Headquarters Building—was called and adopted.
- Item 105—U.N. expended Program for Technical Assistance was called and adopted.
- Item 106—Contribution to U.N. Children's Fund was called and adopted.
- Item 107—NATO Staff Assignments—was called and adopted.
- Item 108—I.C.A.O. Rental Assistance—was called and adopted.
- Item 109—I.J.C. Salaries and Expenses—was called and allowed to stand.
- Item 110—I.J.C. Studies and Surveys—was called and allowed to stand.
- Item 112—Assessment for Membership in I.C.E.M.—was called and adopted.
- Item 113—Grant to U.N. Refugee Fund—was called and adopted.
- Item 114—Grant to UNRWA Near East—was called and allowed to stand.
- Item 115—International Commission Indo-China—was called and allowed to stand.

The Committee then reverted to Item 92 in order that the witness, Mr. Macdonnell, might answer questions asked at previous meetings held Tuesday, May 22nd, and Thursday, May 24th.

By leave of the Committee, it was ordered that the following documents be printed in the Committee's record of proceedings:

1. Announcement of Canadian Government Overseas Awards. (*See Appendix A*)
2. Statement re The United Nations Korean Reconstruction Agency. (*See Appendix B*)
3. Membership of the World Health Organization. (*See Appendix C*)
4. Membership and Subscriptions to the International Finance Corporation. (*See Appendix D*)
5. Statement re The Intergovernmental Committee on European Migration. (*See Appendix E*)
6. Statement re Support Costs for Canadian Forces in Germany. (*See Appendix F*)
7. Statement re Indian Non-adherence to the San Francisco Treaty (1951). (*See Appendix G*)
8. Statement re Canadian Observers at United States Atomic Tests. (*See Appendix H*)

Discussion on Item 92 continuing, the Committee adjourned at 12.40 p.m. to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

MAY 29, 1956

11.00 a.m.

The CHAIRMAN (*Maurice Boisvert*): Order, gentlemen. As I see a quorum, we will proceed right away. It is my intention this morning to go on item by item and if some member wishes to have an item stand, and if he asks that it stand, I will be glad to agree to that.

The first item, Item 92—Departmental Administration will stand.

Item 93. Passport Office Administration, \$275,251.

The CHAIRMAN: You will find the details of this item on page 73 of the minutes of proceedings and evidence of April 20, 1956. Are there any questions with respect to "passport office administration"?

Mr. FLEMING: Could we have a statement, Mr. Chairman, as to the volume of work being done now in the passport office. There is an increase of about 10 per cent in the appropriation this year over last year. I presume that that is largely salaries.

Mr. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs, called.

The WITNESS: Mr. Chairman, it is partly salaries and also the increasing cost of materials, the materials which go into the manufacture of the passports. The volume of business transacted by the passport office continues to increase. For example, in 1953 there were 74,000 passports issued and in 1955—this is the calendar year—we were up to 79,000, and the number of renewals has been increasing gradually year by year.

By Mr. Fleming:

Q. Have any passports been cancelled in the last year?—A. No, sir.

Q. None whatever?—A. No passports have been cancelled. On occasion passport facilities are withheld in the case of people who have received assistance for repatriation until they clear up their obligations to the government; but those are the only cases.

Q. No doubt you have occasion, in a routine way, to refuse many applications for passports because they do not conform with the regulations and there is no entitlement?—A. Yes.

Q. Has the department refused any application for passport where the ground for refusal had anything to do with association with subversive movements?—A. No. Refusal has been solely on the ground of not conforming with the regulations.

Q. There was one matter brought to my attention by a Canadian-born person who lived here all his life; he has had a passport for some considerable time; he is a businessman. When his passport was last renewed there was inserted in it one of these slips, with which I am sure you are familiar, containing in both English and French the following words:

The following warning is addressed to:

(a) Canadian citizens by naturalization,

(b) Canadian citizens by birth in Canada of parents of alien origin. You may be considered by a foreign State to be a national of that state, although by Canadian law you are a citizen of Canada. You should bear in mind, therefore, that when you are within the boundaries of that state it may not be possible for Canada to give you effective diplomatic or consular protection.

(Signed) Department of External Affairs, Canada.

What has led to the idea or the practice of inserting this slip in passports, either new or renewed? It is accompanied by another attached slip which reads:

With the compliments of the passport office, Department of External Affairs.

Mr. CRESTOHL: Before that is answered, may I ask whether that insert was only for the renewal or was it there when the passport was originally issued as well?

Mr. FLEMING: No. It was a case of a passport being issued without such a slip and then when renewal was applied for it came back with this slip.

Mr. CRESTOHL: I wanted Mr. Macdonnell to deal with both those phases. I understood that they were inserted immediately in a passport to a naturalized citizen.

Mr. FLEMING: This was a man who was born in Canada 50 years ago.

Mr. CRESTOHL: Or a person in the category where his parents were aliens.

The WITNESS: Mr. Chairman, this problem arises because of the problem of dual nationality. There are states which do not recognize naturalization in another country, such as Canada. A Canadian may be a citizen by naturalization in Canada. He may, indeed, be born in Canada and derive his Canadian citizenship from Canadian birth while having been born of alien parents. Even in that case certain countries still maintain that because of his having been born of those parents he possesses the nationality of the other state. Therefore, such a person in the other state may be regarded entirely as a citizen of that state, and there is very little that can be done by Canadian diplomatic or consular means to extend Canadian protection to him. Now, the slip is put into all passports, I think, firstly as a matter of administrative convenience. It would be difficult to check over each application to see whether a person might or might not fall into that category.

By Mr. Fleming:

Q. Do I understand then that the practice has been adopted of inserting those slips in all passports and all renewals of passports now?—A. That is correct.

Q. How long has that practice been in effect? It cannot have been very long.—A. The practice has been in effect for some years. The slip has recently been revised and re-edited.

Q. Are you quite sure that it has been in effect with respect to passports issued to Canadian-born persons?—A. For some years.

Q. That is news to me. I never heard of it before. In my own passport applications I have never known anything of it. In this particular case I was surprised at it because it was issued to a man who was born in this country and has lived here all his life—about 50 years. His father was a very well known Canadian business man and the family have been British subjects, I suppose, from the time there first were British subjects.

Mr. GOODE: What harm would there be in having this done? I usually can understand Mr. Fleming's complaints but, if this is a complaint, I cannot understand what harm there would be to have a slip of paper put in a passport which did not apply to the person concerned.

Mr. FLEMING: It is a warning addressed to:

- (a) Canadian citizens by naturalization,
- (b) Canadian citizens by birth in Canada of parents of alien origin.

Mr. GOODE: What harm could there be to anyone else?

Mr. FLEMING: Mr. Macdonnell has explained now, to simplify their problem of practice in the department, that it is to be put in all passports rather than only placed in the different kinds of passports.

Mr. GOODE: What harm is there in that? If there is one put in your passport and in mine, what harm is there?

Mr. FLEMING: The gentleman to whom I referred did not appreciate having this issued to him for the first time. It had not been issued with his passport the first time but then it was issued to him as a warning to:

- (a) Canadian citizens by naturalization,
- (b) Canadian citizens by birth in Canada of parents of alien origin.

As far as harm is concerned, nobody has suggested physical harm. We have the explanation now, which was not given to anyone before, that it is simply a question of facilitating the work of the department that it be put in every passport although it is not intended for every holder of a Canadian passport.

Mr. CRESTOHL: Does this gentleman consider himself slighted?

Mr. FLEMING: No. He does not consider himself better than anyone else, but he was wondering why the Canadian Department of External Affairs thought it necessary to issue a slip to him of this kind in his renewal passport while it was not found necessary to issue it to him in his original passport or previous renewals.

By Mr. Crestohl:

Q. I am sure had he addressed a question to the department that he would have received an immediate explanation.—A. There is just this additional point, Mr. Chairman. The passport office does its best to issue passports as promptly as possible. If one were to put different slips in different passports, I think inevitably it would slow up the procedure. So, for reasons of speed and administrative convenience, we have been operating in this way.

By Mr. Goode:

Q. And it would cost a lot more money, I take it?—A. It would require more people to work on the problem.

By Mr. Fleming:

Q. You are putting through by the day about 250 passports on an average?—A. In this calendar year we issued 7,500 in January, 8,500 in February, 8,800 in March, and 9,400 in April.

Q. I worked it out on a daily average at about 250.—A. Yes.

By Mr. Crestohl:

Q. Under item 93 you also include the cost of issuing travelling documents other than passports?—A. That is correct.

By Mr. Pearkes:

Q. Coming to the changes in regulations for citizenship, are there some residents of Canada—people who have been here for some considerable time—who have not made application to be landed immigrants today but, owing to their long residence in Canada, and for other reasons, they have lost citizenship rights in the country of their birth or where they were previously resident. An American, for instance, moving up here who has remained here a certain number of years may never have applied to be a landed immigrant, but has been here for many years and therefore cannot retain his United States citizenship and cannot get his Canadian citizenship for the balance of the 5 years from the date that he applied to be a landed immigrant. Now, that person—and I have a definite case being referred to me—wishes to travel abroad and he cannot get a Canadian passport and he cannot get a United States passport; in fact he is a stateless person. What can be done to give him an alternative to a passport which would give him protection as a Canadian resident, as opposed to being a Canadian citizen? Is there anything which the passport office can do?—A. It is possible to issue a certificate of identity which is a travel document issued by our department to persons who are stateless or who are unable to obtain appropriate travel documents from the country of their nationality. This is a sample of the certificate issued.

Q. Does that give him the same privileges as he would receive if he obtained an ordinary passport, or are there some limitations to that?—A. I think that would depend very largely on the laws and regulations of the countries to which he wished to travel. After all, a Canadian passport is personal identification and identification of one's citizenship; a certificate of identity is simply a personal identification and something would obviously depend on the laws and regulations of other countries with regard to the admission of aliens.

Q. He would get the benefits from Canadian chancelleries abroad?—A. He would not be entitled to protection as a Canadian citizen, but would be entitled to facilities, in the case you mentioned, as a legally landed resident of Canada.

My Mr. Starr:

Q. Is there some agreement between Canada and the United States, as a good example, for the purpose of honouring these identity certificates? I know that some people have received them and that 90 per cent of them have not been honoured by the customs on the border of the United States. In other words, they have been refused admission.—A. There is no intergovernmental agreement, Mr. Chairman, between Canada and the United States. The laws and regulations of the United States are applied to all persons intending to cross the border.

By Mr. Pearkes:

Q. Are many of these certificates of identification issued? How many, for instance, were issued last year?—A. For the calendar year 1955 there were 4,600 issued.

Q. The process is pretty well known?—A. I think so.

By Mr. Crestohl:

Q. Mr. Macdonnell, am I right in stating that whilst a passport issued to a Canadian citizen is one of right, a certificate of identity is one of grace?—A. There is, I think, no absolute entitlement for a Canadian citizen to obtain a passport but certainly it is much more a matter of discretion for an alien to obtain a certificate of identity.

Q. To clear that further, you say that it is not an absolute right for a Canadian to obtain on request a passport?—A. The passport granting authority has always been regarded as one of the prerogatives of the crown.

Mr. GOODE: I would like to put a statement on the record. Mr. Macdonnell would not know of this, but earlier in the year I had reason to contact his office in regard to the passports of two people in my constituency who were going to Mexico. For some reason they had left it until the last minute, as people will do, and his office told me that that morning there were over 300 applications for passports. I had telephoned his office at something after 9 o'clock in the morning and by 1 o'clock in the afternoon the two passports were in my possession. I not only appreciate the service but I also appreciate the courtesy of the young lady who did the work for me whose name I do not know. I did bring this to your attention, Mr. Macdonnell, because the service was excellent and the courtesy was more than excellent.

The CHAIRMAN: I have enjoyed the same experience on many occasions.

Mr. STARR: And I too, Mr. Chairman.

By Mr. Hansell:

Q. Are there many occasions, Mr. Macdonnell, when you would refuse a Canadian citizen a passport?—A. No, sir.

Q. Have there been any at all? It might be a fictitious case, but on what grounds would you have occasion to refuse it?—A. I would like to repeat what I said earlier, that there may be cases when passport facilities are withheld because a person has been repatriated at government expense and has not made a settlement; but otherwise passports are refused only in the normal course if people are not in fact Canadian citizens. There are a number of applications received from people who are clearly not Canadian citizens.

Item agreed to.

Item 94. Representation abroad—operational—including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff by the governor in council, \$7,210,961.

Item stands.

Department and missions abroad—

Item 95. Representation abroad—construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, \$1,987,207.

Item stands.

Department and missions abroad—

Item 96. To provide for official hospitality, \$30,000.

By Mr. Fleming:

Q. What was the expenditure on this item last year? Has this become pretty standard as to amount?—A. For the last couple of years. It was raised, I think, two years ago. It is now fairly stable.

Q. Would you give us the actual figure of expenditure?—A. Last year it was necessary to ask for a supplementary vote and the total was approximately \$42,000.

Q. You are just asking for the same amount as you were voted last year in the present estimates?—A. Yes. As far as we can see at the moment that

should carry us through the year. This is not an easy amount to estimate because the major part of the expenditures is affected by the number of distinguished visitors who come to Canada.

Q. I can appreciate the difficulty in budgeting precisely on the item. What was it, in particular, which accounted for the excess last year over the amount which you are continuing to ask for this year? Was it something special?—A. The largest item in the previous year arose out of the visit of Her Royal Highness the Princess Royal.

Q. Perhaps I can put my point this way: as things stand now, is the \$30,000 reckoned to be sufficient to meet the requirements for this purpose throughout the fiscal year?—A. As far as I know that will cover the expected visitors.

By Mr. Crestohl:

Q. Is this item of official hospitality restricted to the hospitality extended to official visitors to Canada or does it also apply abroad?—A. This is only for use in Canada. Expenditures abroad come under the vote for departmental representation abroad.

Q. What item in the estimates would that be?

The CHAIRMAN: Item 94.

By Mr. Fleming:

Q. I understand that it applies only to visitors who actually reach Ottawa. You do not use any of this for other purposes?—A. It may be used at other points in Canada. For example, last year the government gave a dinner to the representatives attending the assembly of the International Civil Aviation Organization which was meeting in Montreal. The same has happened in Toronto.

By Mr. Goode:

Q. In respect to the Princess Royal who went to British Columbia, who pays the expenses there, or under what vote would that be covered?—A. Under this vote.

Q. Do we cover all the expenditure with respect to people coming to Canada in this amount of \$30,000 a year?—A. There are only a few cases a year of visits from heads of state or distinguished persons, and sometimes the government extends hospitality for a journey across the country.

By Mr. Pearkes:

Q. In connection with the Princess Royal's visit, a great deal of hospitality was extended by British Columbia from other sources.—A. Certainly.

Q. I doubt whether any grant in this respect came from this vote, or, if so, a very small amount.

Item agreed to.

Item 97. To provide for relief and repatriation of distressed Canadian citizens abroad and their dependents and for the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account (part recoverable), \$15,000.

By Mr. Patterson:

Q. Would Mr. Macdonnell give us an explanation of how this operates and what particular cases it covers?—A. Yes, sir. Let me cite a hypothetical example. A Canadian travelling in Europe falls sick and uses up all his money, or is robbed as sometimes happens, or in other ways becomes destitute. Then,

recourse can be had to this vote. We obtain an undertaking to repay and in about 50 per cent of the cases repayment is made. In some cases there are just no funds available from which to make payment.

Q. The amount allocated here is \$15,000. Could we have an average for the year?—A. I can give you figures, Mr. Chairman, taking the last three years; in 1953-54 we spent \$14,500 and recovered \$4,800; in 1954-55 we spent only \$8,300 and recovered \$6,000; in 1955 up until the end of December, \$8,600 had been spent and \$4,400 recovered.

Q. And approximately how many would be involved in those figures?—A. I could not give you an estimate off-hand; not a great many.

Q. Is there any limit set on the amount for assistance to any one individual, or is it just according to the discretion of the department?—A. The limit really is the minimum amount that will cover subsistence until transportation by a reasonably cheap method can be effected to Canada.

By Miss Aitken:

Q. Mr. Macdonnell, do you keep pressing for these repayments or forget about them?—A. We keep pressing for repayment and if a point is reached at which no further repayment is being made or appears likely to be made, the Department of Justice is consulted as to whether any legal action should be taken.

By Mr. Goode:

Q. Has legal action been taken in some cases?—A. I do not recall any cases in which it has. Usually we find that people are very good about making repayment, sometimes over quite an extended period as they can afford it. When no further repayment is made it is for very understandable reasons.

Item agreed to.

Item 98. Canadian representation at international conferences, \$200,000.

By Mr. Fleming:

Q. What conferences are planned for this year at which Canada will be represented, and what is the amount estimated for each?—A. Mr. Chairman, first of all I might just summarize the expenditure for the past fiscal year, 1955-56. The General Agreement on Tariffs and Trade, NATO, the General Assembly of the United Nations.

Q. Are there many of these?—A. About six or seven.

Q. Will you give us the amounts also, please.—A. For GATT, \$57,000; NATO, \$11,000; General Assembly of the United Nations, \$92,000; International Civil Aviation Organization, \$2,800; Colombo Plan, \$8,200; meetings to discuss the International Atomic Energy Agency, \$5,400; then there were a number of small miscellaneous conferences involving an expenditure of about \$20,000.

Q. Your details show that you expect the actual expenditure under this item for 1955-56 to run to \$198,000. I take it then that the estimate for the present fiscal year is made without any foreknowledge of the full range of international conferences which may be called during the year, and this tem has simply been based on last year's expenditure?—A. That is all we can do, Mr. Chairman. We have discussed this particular item a number of times in this committee. It is singularly difficult to anticipate, for a year or 18 months ahead, how many conferences will be held and at what time. I think we were very fortunate last year in keeping within the \$200,000 that was voted. The total expenditures were about \$198,000.

By Mr. Crestohl:

Q. Mr. Chairman, I would like to ask this question: are these expenditures to cover the costs incurred by the members of your department for attending these various conferences, or do they cover the attendance by Canadians or government representatives of all departments at these conferences? I want to clarify my question further by saying, for instance, there are expenditures incurred for attending GATT, and is that not an expense of, say, the Department of Trade and Commerce; or the Colombo Plan, for instance—is that not a charge under the Colombo Plan expenditures?—A. It could certainly be done from a variety of departmental votes. But the practice is to pay from this vote all expenditures for major conferences, for people coming from all departments of government and people who are not in government service. There are people from outside the public service who are sent as delegates and advisers to conferences and the practice is to pay their expenses from this vote.

Item agreed to.

Item 99, Grant to the United Nations Association in Canada, \$11,000.

By Mr. Patterson:

Q. Mr. Chairman, could we have a brief explanation of this vote. I know it is relatively small, but we do not hear too much about the United Nations Association in Canada. What is its primary purpose and to what extent is it carrying on its objective?

Mr. FLEMING: We should hear more about it. I am going to nominate Mr. Patterson for membership in the association.

Mr. CRESTOHL: I was just on the point of doing that.

The WITNESS: Its purpose, Mr. Chairman, is to arouse interest in, and disseminate information about, the United Nations. There are branches throughout the country and they do a good deal in the way of distributing information and material which is provided by the information division of the United Nations, and in other ways—through speakers and discussion groups, and so on,—to arouse an interest in achieving a wider understanding of the purposes of the United Nations. It is to assist in that work that this grant has been included in the estimates for a number of years.

By Mr. Patterson:

Q. Approximately how many branches would there be?—A. I could not give an accurate number, but I think that there are branches in all major centres in Canada and in some other centres as well.

Q. Do you have any report at all as to the extent of their activities?—A. Yes. Our United Nations division keeps in fairly close touch with them, and provides them with advice and material. They have a national headquarters here in Ottawa which is in quite close touch with the department.

Mr. GOODE: We have a most excellent branch of this organization in Vancouver. I am quite sure that they would welcome the honourable gentleman.

Mr. FLEMING: There is a conference to be held in Toronto this June, under the auspices of the United Nations Association, to be held at the university of Toronto, and I am sure that any member of the committee who would care to go would be very welcome.

Q. The grant to the United Nations Association would not include anything for the International Law Society?—A. No.

Item agreed to.

Item 100. Grant to the International Committee of the Red Cross, \$15,000.

Item agreed to.

Item 101. Grant to Atlantic Treaty Association of Canada, \$2,500.

By Mr. Patterson:

Q. Mr. Chairman, perhaps I could display my ignorance again on this particular item.—A. Mr. Chairman, the purpose of the grant to the Atlantic Treaty Association of Canada is similar to that for the United Nations Association, to bring about a better knowledge of NATO, and what it is doing. So, for the first time, it has been decided to ask for a small grant to enable them to carry out this information activity.

By Mr. Fleming:

Q. How does this relate in amount in proportion to the total budget of the association?—A. I do not know the details of their budget.

By Mr. Pearkes:

Q. What is the membership of this association?—A. In numbers?

Q. Yes.—A. That I cannot say.

Q. Does it exist outside of the parliament buildings?—A. Oh, yes, sir. There are branches throughout the country.

Item agreed to.

Item 102. To authorize and provide for the payment of fellowships and scholarships and travelling expenses to enable Canadians to study in France, The Netherlands and Italy, and to the extent that blocked funds are available for these foreign currencies owned by Canada and provided only for governmental or other limited purposes, and for payment to the Royal Society of Canada of amounts not to exceed \$10,000 in all to meet travelling and other administrative costs incurred by the society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships, \$125,000.

By Mr. Fleming:

Q. Would Mr. Macdonnell make a statement on this item?—A. Mr. Chairman, the conditions under which these awards are made have not changed from recent years. The committee might be interested in the figures of recent fellowships and scholarships awarded. In 1953-54, 12 fellowships and 16 scholarships, or a total paid from blocked funds of \$111,000.

Q. Excuse me. Are any paid from funds which are not blocked?—A. The only amount paid apart from blocked funds was the amount of approximately \$10,000 paid to the Royal Society of Canada for administration. In 1954-55, 13 fellowships and 7 scholarships, \$10,000 to the Royal Society of Canada, and \$104,000 paid from blocked funds. Our figures for 1955-56 only go as far as December 31; 12 fellowships were awarded and 16 scholarships, and up to the end of December, \$74,000 had been spent.

By Mr. Crestohl:

Q. Could you tell us, Mr. Macdonnell, in some detail, what these fellowships and scholarships are for, and how are they determined or awarded?—A. I wonder, Mr. Chairman, if the committee would wish to include in its records the announcement issued each year which contains this information.

MR. CRESTOHL: I so move.

(See Appendix A)

By Mr. Fleming:

Q. I think, Mr. Macdonnell, that you might say a word as to who actually handles the applications and to whom the awards are made. It is done only by the Royal Society of Canada, is it not?—A. The Royal Society of Canada has undertaken to make the selections and they have really a very distinguished group of people who consider the applications and make the recommendations.

Q. It is obviously not the sort of selection which should be made within the department.—A. We are very grateful that the Royal Society of Canada has undertaken this job.

Q. I am sure that we all feel that way.

By Mr. Goode:

Q. These scholarships are based entirely on the university level, I take it?—A. For those people whose field is in work covered by universities; but awards are also made to people in the fine arts, in music, painting, and so on, whose training is not necessarily of a university nature.

Q. Is that more valuable, I wonder, than taking another view of scholarships? Why do we not take note of the students in the secondary schools in the country who are proceeding to university, in respect to these scholarships? I have never heard of one of those young people ever attaining one of these scholarships. Is that a matter of government policy?—A. I do not suppose I can give the answer fully. But it is certainly the general view that more benefit can be derived from awards of this kind when a certain stage of maturity has been reached and the person is ready to proceed with advanced study, whether in university fields or in music, or whatever it may be.

Q. Of course I would be of a different opinion. I quite agree that you are right to a point, but I rather wonder whether we are just putting those scholarships into the hands of some people who can be of value to Canada and forgetting another group. I rather think that is a matter of government policy.—A. I am inclined to agree with you.

By Mr. Crestohl:

Q. I wonder whether scholarships in the diplomatic service are awarded out of this fund? Specifically I have in mind the attendance of prospective young men who wish to enter the diplomatic service at schools or universities on special courses. I understand that a school for diplomatic service has been established at McGill and I wonder if you could say a word about that. I think that you discussed it two or three years ago at one of our committee meetings. Has any further progress been made since then?—A. Mr. Chairman, we have not seen any need to seek funds for scholarships of that type. There is, from our point of view, a sufficient number of candidates each year who have not only completed their undergraduate work but, as I said at an earlier meeting, in most cases have advanced to some post-graduate work. Certainly the opportunities for Canadian men and women to obtain university degrees seem to be sufficient to provide a satisfactory group of applicants each year.

Q. You have not had any cases where, for example, someone in Canada desired to attend the diplomatic school in France?—A. There are such people and a good many of them manage to achieve their objective either by winning scholarships or by earning money and saving it. We sometimes give leave of absence to young foreign officers for a year or more who have possibly won scholarships or who have other plans for postgraduate study.

Item agreed to.

Item 103. To provide for the Canadian government's assessment for membership in international (including commonwealth) organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, \$2,977,569.

By Mr. McMillan:

Q. Mr. Macdonnell, I am just wondering under this item, for instance with respect to subagencies of the United Nations, how the amounts are made up if the nations do not meet their assessments?—A. There usually are rather protracted discussions in the United Nations and in the specialized agencies about how that problem is to be faced. Most of the agencies have rules about what happens to people who fall into arrears. At a certain stage their voting power disappears. I think that the broad answer is that this is a matter of negotiation and compromise.

Q. Russia, for instance, belongs to the World Health Organization and went some years without paying. Did Russia eventually pay up?—A. That has been under negotiation at the current meeting of the World Health Organization, and, for the years in which they were inactive members, it is proposed that they pay a small token payment of, I think, 5 per cent of their assessment for those years in which they, to all intents, withdrew.

Q. If a budget were drawn up tightly, that would mean that we, along with the other nations, would have to meet that budget in succeeding years?—A. Yes. If members withdraw, either the budget has to shrink or the other members will have to pay more.

By Mr. Goode:

Q. It is definitely decided, however, that when the 16 new nations in the UN come under the regular charge that Canada will have some amount refunded?—A. That is right.

By Mr. Fleming:

Q. In the table which you have supplied, Mr. Macdonnell, which is printed on page 92 of the proceedings of the committee, and is on page 27 of your original statement in the mimeographed form, you have set out in each case in the columns on the right hand side, the proportion or fractional levy of certain of the leading countries, presumably for purposes of comparison?—A. Yes.

Q. Let me first ask what nations, if any, are in arrears in making their payments? Take the United Nations, for instance.—A. Mr. Chairman, a question was asked at the last meeting of the committee on arrears, and we have a statement here which can be tabled or read if the committee wishes.

Q. Is it lengthy? I am wondering if there are any questions which might arise out of it?—A. This is a statement of the arrears of members of the United Nations in the three most recent years: in 1955—Argentina, \$483,356; Bolivia, \$15,981; Chile, \$105,936; China, \$2,201,205; Cuba, \$101,164.48; Ecuador, \$97.88; Greece, \$36,478; Guatemala, \$27,310; India, \$140,000; Iran, \$17,000; Lebanon, \$19,820; Nicaragua, \$9,408; Pakistan, \$140,000; Peru, \$69,140; Uruguay, \$66,439; Yemen, \$15,856. That total comes to \$3,450,000 in round figures.

Q. May I ask, Mr. Macdonnell, when you say 1955 do you mean the arrears outstanding for that year or outstanding at that time?—A. That is the cumulative total. Those are the balances due by the states named.

Q. Do you have the 1956 figures; the present status of arrears?—A. No. This takes us up to the end of 1955. If one goes back a year, one finds a considerably smaller total that was due at the end of 1954: Bolivia, \$22,941; China, \$2,190,000; Peru, \$72,128; Uruguay, \$69,427. There are only four mem-

ber nations that had not paid up. For 1953, there were only two countries outstanding: Bolivia, \$24,622; Uruguay, \$25,463.17; or a total of roughly \$50,000 outstanding from the 1953 contributions.

Q. We naturally look at these figures of relative contributions with some interest in the Russian contribution to the United Nations and to the International Labour Organization and UNESCO. It is rather striking that the contribution of the USSR is about on an average of 41 per cent of the United States. I suppose the fact is that there is no rule of thumb, or guiding principle, that is recognized by all in determining these contributions. It is pretty much a catch as catch can matter, is it not?—A. That is right. An effort is made to use whatever statistical material may be available about national income and capacity to pay and extent of interest in a particular activity but, as you say, you can only go a certain distance in using those figures.

By Mr. Macnaughton:

Q. In the International Civil Aviation Organization headquarters in Montreal during the last two or three years there have been little items of disagreement and discontent, shall we say, within the organization which affected us. This year things seem to be rather quiet. Are you in a position to say that the relations have been generally improved? Are they satisfied? It seems to me most important to keep this UN Organization in Canada, especially in the air transport field, which makes us the world capital of air transport law and aviation research. It is most important. I know they had trouble with the provincial authorities and municipal authorities, but, so far as I know, no trouble with the federal authorities. Is the situation quiet there now?—A. May I answer in this way, Mr. Chairman. There will be held in June of this year what ICAO calls one of its major assemblies which are held every three years. There are minor assemblies held in each of the intervening two years. I think that the question could be answered only after that assembly has taken place.

By Mr. Knowles:

Q. I see in the last item, in the breakdown of this item on page 185, that we contributed \$223,625 to the cost of the civil administration of NATO. What is the total cost of NATO's civil administration, and what kind of items does it include? For example, we can break it down into office expenses, salaries and many other items.—A. I do not think, Mr. Chairman, that I can add much to what I said at the last meeting about the Canadian share and the purposes of the civil budget of NATO. Briefly, this is the expenditure of the secretariat for salaries, office accommodation and all the incidental expenses of the staff in Paris, and does not include any items for military budgets.

Q. Did you give the last time the total figure for the civil administration?—A. In this sense, Mr. Chairman, that we gave the total Canadian contribution and the percentage that that represented of the total. I have not worked out the total, but I think it is implied.

Q. How many people are on the salary list?—A. I would have to get the details of that for a subsequent meeting.

Q. Could you, for a subsequent meeting, get the details as to the number of salaries and perhaps some sample salaries?—A. Yes.

The CHAIRMAN: Could we carry the item and bring this up under 92?

Mr. KNOWLES: That is satisfactory.

Item agreed to.

Item 104. To provide for a further contribution by the Canadian government towards the cost of constructing the North Atlantic Treaty Organization permanent headquarters in an amount of 57,800,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December 3, 1955, which is, \$165,077.

By Mr. Pearkes:

Q. There is a fairly big increase in this?—A. They are just getting into construction.

Q. I notice that from the comments on page 77 it would indicate that the period of the estimate is from June?—A. Yes. That is the end of their fiscal year.

Q. Have we any control of or supervision over the construction and expenses?—A. We have the same share as have all other member nations. These plans were submitted to the organization, discussed, approved, and of course there is an international audit of the expenditures in this as in all other international organizations.

Q. Is there any international inspection of construction?—A. That, I think, is largely a function of the secretary-general, subject to examination by NATO committees on budgeting and finance and to audits which take place regularly.

Item agreed to.

Item 105. To provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to underdeveloped countries in an amount of \$1,800,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, \$1,798,875.

Mr. FLEMING: Could we stand this item, Mr. Chairman, unless Mr. Macdonnell is in a position to give an extended comment on it today.

The WITNESS: I can make a statement on this item, if the committee so wishes.

By Mr. Fleming:

Q. The statement which we have is just six lines long.—A. Of course, Canadian participation in technical assistance is undertaken both through the United Nations and the Colombo plan. We are here dealing with the United Nations side of it. The so-called regular program is financed out of the ordinary budgets of the United Nations and the specialized agencies. The expanded program of technical assistance is under the supervision, primarily, of the Economic and Social Council and its Technical Assistance Committee over which the General Assembly assumes only a broad supervisory function. The latter program is dependent upon voluntary contributions of interested governments. Its activities are carried out through the United Nations Technical Assistance Administration and the various specialized agencies. The following are the Canadian contributions since the inception of the expanded program: 1950-51, \$350,000; 1952, \$750,000; 1953, \$800,000; 1954, \$1,500,000; 1955, \$1,500,000; and 1956, \$1,800,000 is requested. The expanded program has been receiving increasing support from contributing governments. At December 31, 1955, contributions had reached a total of \$115 million. At the sixth technical assistance pledging conference in November of 1955, 61 countries pledged \$28 million, whereas the total contribution for 1955 amounted to \$26,900,000. I think that is all I have to say on the United Nations side of technical assistance.

By Mr. Crestohl:

Q. Is the difference between the amount pledged and the amount paid made up by the arrears of the countries who have not yet paid?—A. Arrears do not enter into this. The total of the sum is simply the total of all the voluntary contributions which have been made.

By Mr. Goode:

Q. You gave us there a figure of an increase of some million dollars between the two years. In respect to the average increase, what is the comparison in Canada's increase in respect to the money which they have paid or pledged?—A. Our increase has been roughly proportionate to the way in which the total pledged has been going up.

Q. You did give us the figures as to how much was pledged.—A. Yes. There was a conference held in November of 1955. That is an annual conference at which the representatives of the various countries come together and say what they can offer. There were 61 countries which pledged \$28 million. Now, the total contribution for the previous year amounted to roughly \$27 million.

Q. That is a \$1 million increase in the twelve months from one year to the other?—A. Yes.

Q. What was Canada's increase in that same period?—A. \$300,000.

Item agreed to.

Item 106. Contribution to the United Nations Children's Fund, \$650,000.

Item agreed to.

Item 107. North Atlantic Treaty Organization—To provide, subject to the approval of the governor in council and notwithstanding the Civil Service Act, for special administrative expenses, including payment of remuneration, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization), \$35,484.

Item agreed to.

Item 108. International Civil Aviation Organization—To provide the International Civil Aviation Organization with office accommodation at less than commercial rates, \$200,543.

Item agreed to.

Item 109. International Joint Commission—Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman of \$17,000 per annum, \$100,745.

Item 110. To provide for Canada's share of the expense of studies, surveys and investigations of the International Joint Commission, \$199,180.

Mr. STARR: I would like to ask that items 109 and 110 stand until General McNaughton's appearance.

The CHAIRMAN: Yes.

Items 109 and 110 stand.

Item 112. To provide for the Canadian government's assessment for membership in the Intergovernmental Committee for European Migration in an amount of \$209,665 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, \$209,534.

Item agreed to.

Item 113. To provide for a grant by the Canadian government to the United Nations Refugee Fund, \$125,000.

By Mr. Starr:

Q. That is the item which we discussed the other day to displaced persons in refugee camps which are still being maintained in Europe?—A. Yes.

Mr. CRESTOHL: Mr. Macdonnell was going to give us some answers on that question as to whether there were refugee camps still left in Europe, where they were located, and some other details which were requested.

The CHAIRMAN: We will go through the items and when we are finished Mr. Macdonnell has a statement with respect to this.

Mr. CRESTOHL: That is satisfactory.

Item agreed to.

The CHAIRMAN: Item 114—Contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

Mr. STARR: I would ask that items 114 and 115 stand for the time being.

Mr. GOODE: May I ask for what reason?

Mr. STARR: There are a number of questions which may have to be asked.

Mr. GOODE: By whom?

Mr. STARR: By certain members of the committee.

Mr. GOODE: I am not going to argue with the hon. gentleman as to which items should stand, but I think that if members of his party have questions which they wish to ask, those members should stay in the committee. However, I am not going to argue that they should not stand.

The CHAIRMAN: Mr. Starr, you are asking that items 114 and 115 stand?

Mr. STARR: Yes.

Mr. GOODE: I think that before we go any further with these items, Mr. Chairman, I would like to ask of Mr. Starr who has questions to ask on these items?

Mr. STARR: Mr. Fleming has a number of questions; he could not stay here because he has an important meeting to attend, and he had to leave. I do not think any time would be lost by this procedure.

The CHAIRMAN: There is an agreement that Mr. Macdonnell will make a statement with respect to these items and I have reserved the rights of Mr. Fleming to ask questions if he wishes at the next meeting.

Mr. GOODE: I am not going to argue.

The CHAIRMAN: We have finished with the items of the estimates. Now, Mr. Macdonnell wishes to answer a few questions which were asked the other day by Mr. Fleming and some other members of the committee. I will refer to the questions by number. First, number one. Mr. Fleming was asking about the salary paid to the secretary general of NATO.

Mr. CRESTOHL: Do you not think that if Mr. Fleming asked those questions he should be here to hear the answers? Perhaps, if Mr. Macdonnell is coming back, they could be given on that occasion.

The CHAIRMAN: Yes, but in my humble opinion it is better to have the views of Mr. Macdonnell at this time in order that Mr. Fleming will have the answers available on the record and he may then ask questions at the next meeting.

An hon. MEMBER: He would see the answers on the record?

The CHAIRMAN: Yes. Some of the questions will be answered by statements which will be tabled; others can better be answered by statements made here.

Mr. GOODE: I am going to object to this procedure. Mr. Fleming knew that these questions would come up today. I can imagine no more important meeting than this meeting of the External Affairs Committee; I am going to side with a member who has just spoken, and I am going to ask that Mr. Macdonnell's statement either be put on the record or that we hold the answers until Mr. Fleming is present. I think that is fair, and I think it is fair to Mr. Fleming, too. But I am not going to argue the point; I think Mr. Fleming should be in the committee at this moment.

The CHAIRMAN: I can agree with you, but—

Mr. STARR: I think it is quite agreeable that Mr. Macdonnell should give his answers; they will be recorded.

The CHAIRMAN: That facility has been granted to other members, too.

Mr. CRESTOHL: I raised the point as a courtesy to Mr. Fleming; he put the questions and he may want to get replies from Mr. Macdonnell with regard to them. He may have other questions to put.

The CHAIRMAN: I do not want to deprive Mr. Fleming of the opportunity of asking questions; he will be able to ask questions, if he wishes to do so, at the next meeting but I think it will be easier and quicker if Mr. Fleming has an opportunity of seeing the statements made by the witness, since he could then consider what kind of questions he might wish to ask.

Mr. CRESTOHL: As long as we are agreed that Mr. Fleming has the right to ask further questions . . .

Mr. MACNAUGHTON: If Mr. Fleming is satisfied let us proceed.

The WITNESS: The first question asked concerns the salary paid to the secretary general of NATO.

I find that information about the salary and allowance of the secretary-general of the North Atlantic Treaty Organization has never been made public and the name of the secretary-general has never been listed in official documentation giving information on the salaries of members of the NATO staff. It would not seem appropriate for an official of the department to make public such information since to do so would require the prior agreement of the members of the organization. I can say, however, that figures included in recent speculative newspaper stories go well beyond the facts.

The CHAIRMAN: Are there any questions?

Mr. PATTERSON: Why the secrecy? Surely this should be a matter of public knowledge. If we subscribe toward the salary paid to the head of an organization there should be no secrecy about the thing.

Mr. CRESTOHL: Perhaps there might be a little underpayment.

The CHAIRMAN: That question was discussed at the meeting of the NATO countries' Parliamentary Association.

Mr. STARR: There is no secrecy with regard to what the secretary general of the United Nations get, and the United Nations is an organization which covers a far broader scope; certainly, having in mind the contribution toward NATO which is made by this country, I see no reason why the salary of the secretary general should be kept secret.

Mr. CRESTOHL: I do not think it is for us to probe into the confidential business of another organization, notwithstanding the fact that we form a part of it.

The CHAIRMAN: I quite agree with you, Mr. Crestohl. Shall we pass to the second matter? Mr. Fleming and Mr. McMillan asked what members of the United Nations are in arrears with subscriptions.

The WITNESS: I have read the answer to that, Mr. Chairman.

The CHAIRMAN: Question number three was asked by Mr. Fleming. A question concerning the need for continued efforts by the United Nations' Korean Reconstruction Agency.

The WITNESS: I have a statement which could be tabled.

The CHAIRMAN: Is it the wish of the committee that this document be tabled and printed in the minutes of this meeting?

Agreed.

(See Appendix "B")

Mr. STARR: Returning for a moment to this question of salary. Has the department the information as to the salary paid?

The WITNESS: We have figures, Mr. Chairman, but because of the agreement which has lasted now for, I suppose, four years on this rather delicate question it would not be appropriate for a member of the department to make them public.

The CHAIRMAN: Question number four, asked by Mr. Crestohl is: what refugee camps continue to be operated in Europe? We could combine the answer to that with the answer to question number 5—Mr. Fleming was seeking information concerning "hard core refugees" in Western Europe and the location of refugee camps.

The WITNESS: Dealing first with the refugee camps, there are at present about 200 official refugee camps in western Europe, i.e., camps administered or supervised by national governments. These are located mainly in Austria and the Federal Republic of Germany with several others in Greece and Italy. It is estimated that approximately 50 per cent of the 70,000 refugees living in camps are located in Austrian official camps. In addition there are in Austria many thousands (estimated at between 20,000 to 30,000) in unofficial camps, i.e. camps which are administered by the "land" or municipality; camps which are the responsibility of private industrial firms; and camps which exist only as de facto groups of persons living in community.

The term "hard core", as we understand it, is applied to refugees who, because of age or illness are incapacitated or in need of institutional care, and are not considered to be asset to any country. The U.N. High Commissioner for Refugees reported to the 10th General Assembly last year that there were 15,500 identifiable "hard core" cases under his mandate requiring institutional or special care.

The term "hard core" is not used to distinguish between the remainder of wartime refugees and the more recent political refugees from eastern European countries, both categories coming under the High Commissioner's mandate. To the best of our knowledge there have been no official statistics prepared showing the proportion of the 300,000 European refugees under the High Commissioner's mandate who fall into these two categories.

The United Nations High Commissioner for Refugees has achieved a certain amount of success in settling some of the "hard core" cases. Under the High Commissioner's permanent solutions Program, which is designed primarily to integrate refugees in the countries of their present residence, 30 projects have been authorized involving construction of sanatoria, old people's home, placement in local institutions, pension schemes, etc. The ultimate success of these projects will, of course, depend on the availability of adequate funds. In addition, the High Commissioner has been successful in encouraging some European governments, notably Norway, Sweden and the Netherlands to accept some of these difficult cases.

The CHAIRMAN: Are there any questions?

By Mr. Crestohl:

Q. Yes Mr. Macdonnell. Have you received any estimate as to the possible length of time before these camps are finally liquidated?—A. I think the only answer I can give to that question, Mr. Chairman, is that it will depend on the extent to which individuals, voluntary groups, and governments continue to make contributions to the solution of the problem.

Q. I am aware that the Canadian government is making its contribution and doing its share toward helping to liquidate some of the hard core cases, but I wonder whether the high commissioner has projected any possible period

during which these camps may well have to endure.—A. I know that when he was appointed he drew up a four year program in which it was hoped that substantial progress would be made but I do not believe he would expect that within that four year period the problem would be entirely solved.

Q. When would that period terminate?—A. It would run, I think, for another two or possibly three years.

By Miss Aitken:

Q. Has Canada accepted any of these hard core cases?—A. I cannot answer that question because it would involve trying to identify the categories into which various immigrants would fall. It may be that some of these people, possibly parents or elderly relatives of men and women already living in Canada, have been brought in, but that is a matter which is, of course, the responsibility of the Department of Citizenship and Immigration and we would not have figures.

The CHAIRMAN: Are there any other questions?

Question five: Mr. Fleming asked for a list of the present members of the World Health Organization.

The WITNESS: I have a statement with regard to that.

The CHAIRMAN: Is it the pleasure of the committee to have the statement tabled and printed?

Agreed. (See Appendix "C").

The CHAIRMAN: Mr. Patterson asked how many nations have joined the International Finance Corporation.

Mr. CRESTOHL: Is that the name of the organization—the International Finance Corporation?

The CHAIRMAN: Yes.

Mr. PATTERSON: Pardon me, Mr. Chairman, but there is another part to that question—the total amount subscribed to the organization.

The CHAIRMAN: That is included in the statement.

(See Appendix "D").

The CHAIRMAN: A sixth question was asked by Mr. Fleming concerning the activities of the Inter-governmental Committee on European Migration. Mr. Macdonnell has a statement on that; is it the wish of the committee to have the statement tabled and printed.

Agreed.

(See Appendix "E").

A seventh question:

The CHAIRMAN: General Pearkes was asking for information concerning the Canadian forces in Germany, and there is a statement with regard to that, too. Is it the wish of the committee to have the statement printed and tabled?

Agreed.

(See Appendix "F").

The CHAIRMAN: Two questions, one relating to Indian non-adherence to the San Francisco Treaty of 1951, were asked of the Honourable The Secretary of State for External Affairs some time ago. Mr. Macdonnell is in a position to answer both questions at this time. If it is the wish of the Committee, Mr. Macdonnell's statement could be tabled and printed.

Mr. CRESTOHL: Who asked the question, Mr. Chairman?

The CHAIRMAN: I cannot recall, for the moment. No, there is no name here. Shall this statement be printed?

Agreed.

(See Appendix "G").

The second question was with respect to Canadian observers at the United States atomic tests. The question was asked by Mr. Michener of Mr. Pearson, and here again Mr. Macdonnell has a statement with regard to it. It could be tabled and printed, if that is the wish of the committee.

Agreed.

(See Appendix "H").

Mr. CRESTOHL: I take it that that will be printed as a matter of convenience to Mr. Michener; he could read it in the report and if he has any further questions to ask he could ask them.

The CHAIRMAN: Yes, that is so.

Well, we have come to the end of our business this morning, and I would welcome a motion to adjourn.

Some Hon. MEMBERS: Agreed.

APPENDIX "A"

ANNOUNCEMENT

OF

CANADIAN GOVERNMENT OVERSEAS AWARDS

The Government of Canada intends to make funds available to provide fellowships and scholarships tenable in France and The Netherlands in 1956-57.

The awards will be of two kinds:

FELLOWSHIPS having a value of \$4,000 for one year, for advanced work and study in the arts, humanities, social sciences, sciences, and professions.

Candidates must be over 30 years of age, and must already have achieved distinction in their art or profession.

Persons receiving these awards will not be required to register for any formal or academic course of study, unless they wish to do so. The purpose of the fellowships is to give Canadian men and women of proven ability an opportunity to spend a year abroad and devote their time to whatever programme they feel will be of most benefit to them professionally. This programme must be approved initially by the Awards Committee.

SCHOLARSHIPS having a value of \$2,000 for one year, for advanced students in the arts, humanities, social sciences, and sciences.

Candidates must normally have received an M.A. degree, or its equivalent from a university of recognized standing, and must have the prerequisites necessary for the course of study they propose to pursue. The purpose of the scholarships is to enable them to continue their studies and work towards a higher degree. A limited number of awards may be made to students of the creative arts who are without these academic qualifications, but who wish to secure further training in their art.

The stipends will be adjusted in accordance with the cost of living in the country in which the award is held. Travel expenses will be provided to cover the cost of tourist ocean fare from the port of embarkation in North America and rail fare from the port of landing to the destination in Europe. Similar grants will be made for the return journey. No provision has been made to supply funds for travel in Canada or for other expenses.

The awards will be made on the recommendation of the Awards Committee of the Royal Society of Canada.

All inquiries, applications and correspondence should be addressed to:

Awards Committee,
The Royal Society of Canada,
National Research Building,
OTTAWA, Canada

N.B. The Royal Society issues this announcement subject to approval of the necessary expenditure by Parliament.

REGULATIONS

governing the

CANADIAN GOVERNMENT OVERSEAS AWARDS

Regulations applying to both Fellowships and Scholarships

1. *Applications:* Applications, made on the approved form obtainable from the Awards Committee of the Royal Society of Canada, must be received by the Committee not later than April 1, 1956. Every effort will be made to announce the names of successful candidates early in May.

2. *Value:* Fellowships and scholarships will have values equivalent to \$4,000 and \$2,000 respectively in Canada. They will be paid in the currency of the country in which they are held. Since the cost of living in France and The Netherlands varies, the precise amounts received by holders of awards will vary in accordance with the cost of living in those countries as related to the Canadian index.

3. *Non-convertibility:* Fellowships and scholarships tenable in France will be paid from blocked balances standing to the credit of the Canadian Government in France and payments must not be converted into Canadian or American dollars.

4. *Travel Grants:* Tourist ocean fare will be provided from the port of embarkation in North America and rail fare from the point of landing to the destination in Europe. Two-thirds of this total amount will be allowed towards the travel expenses of wives who accompany their husbands; no travel expenses will be granted for children. The refundable portion of the travel expenses advanced for wives and children must be repaid in Canadian dollars, preferably before departure from Canada.

5. *Travel Arrangements:* Full information regarding travel arrangements will be furnished promptly to winners of Overseas Awards. Persons receiving awards must report to the Canadian Embassy in the country in which they are to study not later than November 15th, 1956. They may travel to Europe at any time convenient to them prior to that date, but stipend payments will be made only as stated in paragraphs 13 and 20.

6. *Insurance:* Fellows and scholars will be expected to assure the Awards Committee before departure that they are adequately insured against accident, sickness and death; appropriate documents must be presented at the Embassy in the country where their awards are tenable before payment of the first stipend. Families must also be adequately insured if they accompany fellows and scholars. This insurance is required as a safeguard that recipients of awards and their dependents will not become public charges abroad.

7. *Other Awards:* Recipients of fellowships or scholarships will be required to relinquish any other monetary award that they may receive that is applicable to the period covered by their Overseas Awards.

8. *Publication:* Results of research carried out during tenure of an award may be published, with acknowledgment of the assistance received. Regulations applying only to Fellowships

9. *Qualifications:* Applicants must be Canadian citizens and must have reached their 30th birthday by March 31st of the year of application. They must already have achieved distinction in their art or profession, and evidence to this effect should be included in or accompany applications.

10. *References:* All applicants must furnish the names of four persons familiar with their work who have been requested by the candidates to send confidential statements directly to the Awards Committee.

11. *Programme:* Candidates should supply an outline of the study or work they propose to do in sufficient detail to permit the Awards Committee to reach a decision.

12. *Tenure:* Fellowships will normally be held for twelve months.

13. *Payment of Stipends:* Payments will be made through the Canadian Embassy in the country in which the Award is held; an initial payment of two-thirteenths of the total award, on arrival in France or The Netherlands, and eleven subsequent monthly payments, each one-thirteenth of the total. The first payment will not be made before 1 August or after 15 November, 1956.

14. *Reports:* Any reports that may be required by the Awards Committee, i.e., in support of an application for renewal of a fellowship, should be submitted through the Canadian Embassy in the country where the award is held.

15. *Leave of Absence:* Candidates who are employees should provide evidence that their employers will grant them leave of absence if a fellowship is awarded to them.

Regulations applying only to Scholarships

16. *Qualifications:* Applicants must be Canadian citizens. Those wishing to pursue advanced academic studies must have received an M.A. degree or its equivalent from a university of recognized standing, and must have the prerequisites necessary for the course of study they propose to follow. Those wishing to secure further training in creative arts must have sufficient training and experience to enable them to enroll in an institution abroad which offers advanced work in their art (see also paragraph 18).

17. *References:* All applicants must furnish the names of four persons familiar with their work who have been requested by the candidates to send confidential statements directly to the Awards Committee.

18. *Course of Study:* Candidates should supply an outline of the courses or programme they propose to follow if awarded a scholarship. Written assurance that they will be accepted by the institution in which they wish to study should be submitted with their application or as soon thereafter as possible.

19. *Tenure:* Scholarships normally will be held for one year, but in special circumstances may be renewed for further periods, provided the necessary funds are made available by Parliament. The total tenure may not in any circumstances exceed three years. Renewal of a scholarship will not entitle a scholar to any additional travel grants.

20. *Payment of Stipends:* Payments will be made through the Canadian Embassy in the country in which the Award is held; an initial payment of two-elevenths of the total will be made on arrival in France or The Netherlands, followed by nine monthly payments, each one-eleventh of the total. The first payment will not be made before 1 August or after 15 November, 1956.

21. *Progress Reports:* Scholars will be expected to keep in touch with the Canadian Embassy in the country in which they are studying, and to submit through the Embassy two progress reports, the first not later than 15 January, 1957, and the second at the end of the academic year. The stipend due on February 1 and the final payment, respectively, will not be paid until these reports are received by the Embassy.

APPENDIX "B"

UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

The original target suggested for UNKRA programmes was \$250 million. This was based on an assessment of the needs of the South-Korean Government at the time, together with what turned out to be an unduly optimistic estimate of contributions to be made by governments. On the basis of the original target, the United States Government pledged a total amount of \$162.5 million provided, however, that United States payments would not exceed 65 per cent of total contributions. It soon became apparent that payments by other governments would not enable the United States to pay all its pledge and repeated appeals were made by the Assembly and also by the Negotiating Committee for Extra-budgetary Funds urging governments to make additional payments with a view to enabling the Agency to implement its programmes "to the maximum extent possible". These appeals were of little avail however and as of April 30 last the Agency had only received approximately \$140 million. The United States has contributed \$93 million (or 66.4 per cent) of this sum. As you know, Canada has paid in full its pledge of \$7,250,000 and has made an additional contribution of \$500,000 last year. The other major contributors are the United Kingdom (\$26.8 million) and Australia (\$3.6 million). The curtailment of the Agency's operation has not brought about any disruption in its basic programme which has greatly helped in the reconstruction of Korea. This programme has actually taken place concurrently with the United Nations Emergency Relief Programme which provided immediate relief in the form of food, clothing, etc., and to which Canada has contributed \$750,000 worth of salted cod. The United States have contributed \$428 million (out of \$440 million) to this programme. In addition, Korean needs have in recent years been met by the United States programme of bilateral aid for which, according to the latest figures available, some \$480 millions have been appropriated. All these programmes are carried out by the organizations concerned in close co-operation with R.O.K. Government with a view to ensuring the rehabilitation of the Korean economy.

APPENDIX "C"

WORLD HEALTH ORGANIZATION—MEMBERSHIP

Full members of WHO, 84.

Afghanistan	Guatemala	Paraguay
Albania	Haiti	Peru
Argentina	Honduras	Philippines
Australia	Hungary	Poland
Austria	Iceland	Portugal
Belgium	India	Romania
Bolivia	Indonesia	Saudi Arabia
Brazil	Iran	Spain
Bulgaria	Iraq	Sudan
Burma	Ireland	Sweden
Byelorussian S.S.R.	Israel	Switzerland
Cambodia	Italy	Syria
Canada	Japan	Thailand
Ceylon	Jordan	Tunisia
Chile	Korea	Turkey
China	Laos	Ukranian S.S.R.
Costa Rica	Lebanon	Union of South Africa
Cuba	Liberia	U.S.S.R.
Czechoslovakia	Libya	United Kingdom
Denmark	Luxembourg	United States
Dominican Rep.	Mexico	Uruguay
Ecuador	Monaco	Venezuela
Egypt	Morocco	Vietnam
El Salvador	Nepal	Yemen
Ethiopia	Netherlands	Yugoslavia
Finland	New Zealand	
France	Nicaragua	
Germany, Federal	Norway	
Republic of	Pakistan	
Greece	Panama	

Associate members of WHO, 4

Gold Coast	Federation of Rhodesia and Nyasaland
Federation of Nigeria	Sierra Leone

Morocco, Tunisia and the Sudan which had held Associate membership in WHO were granted full membership by the Ninth World Health Assembly on May 9, 1956, at the same time that the Gold Coast, the Federation of Nigeria and Sierra Leone were granted associate membership.

Although the U.S.S.R. and the eight satellites joined WHO shortly after the Organization was established, the U.S.S.R. notified the Director General in February 1949 that it was withdrawing. During the next few months the eight satellites made similar announcements. From the time they announced their withdrawal these governments have not been represented at meetings and have not made financial contributions. The World Health Organization, however, has refused to accept their withdrawal on the grounds that the constitution makes no provision for such action; consequently these countries have been considered "inactive members". The dates of notification of withdrawal of these countries are as follows: Albania, February 25, 1950; Bulgaria, November

29, 1949; Byelorussian SSR, February 17, 1949; Czechoslovakia, April 14, 1950; Hungary, May 20, 1950; Poland, August 15, 1950; Romania, February 20, 1950; Ukrainian SSR, February 14, 1949; U.S.S.R., February 12, 1949.

In July 1955, the Soviet Union indicated that it was prepared to resume active membership in the Organization. The Ninth World Health Assembly adopted a resolution designed to facilitate the resumption by "inactive" members of their rights and obligations in the Organization and the settlement of their arrears of contributions. The Resolution provides that contributions must be paid in full for the years when these members participated actively in the work of the Organization. For the inactive years, a token payment of 5 per cent of the amount each country was assessed each year will be required. These payments are to be made in equal annual instalments spread over a period not exceeding 10 years.

APPENDIX "D"

INTERNATIONAL FINANCE CORPORATION

Membership — Subscriptions

The charter of the International Finance Corporation requires a minimum membership of thirty countries, together subscribing at least \$75 million, before the Corporation can begin operations. As of the middle of May, 1956, the following 22 countries had completed the action required for membership in the International Finance Corporation: Australia, Bolivia, Canada, Ceylon, Costa Rica, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Guatemala, Haiti, Honduras, Iceland, India, Mexico, Nicaragua, Pakistan, Panama, Peru, United Kingdom, United States.

The capital subscriptions of these countries amount in total to \$62,870,000.

The Governments of twelve other countries, with prospective capital subscriptions of \$8,126,000, have passed the necessary legislation permitting them to join the IFC or are on the point of completing the legislative action. A number of other countries, whose prospective contributions would bring the total well above the required \$75,000,000, have indicated that they intend to join the IFC.

APPENDIX "E"

INTERGOVERNMENTAL COMMITTEE

On

EUROPEAN MIGRATION

The purposes and *functions* of ICEM, as defined in the Constitution of that organization adopted at its Sixth Session in the fall of 1953 are:

- a) to make arrangements for the transport of migrants, for whom existing facilities are inadequate and who could not otherwise be moved, from European countries having surplus population to countries overseas which offer opportunities for orderly migration;
- b) to promote the increase of the volume of migration from Europe by providing, at the request of and in agreement with the Governments concerned, services in the processing, reception, first placement and settlement of migrants which other international organizations are not in a position to supply, and such other assistance to this purpose as is in accord with the aims of the Committee.*

*It is estimated that ICEM moves an average of 10,000 European migrants overseas per month.

The Constitution also provides that "the Committee shall be concerned with the migration of refugees for whom arrangements may be made between the Committee and the Governments of the countries concerned, including those undertaking to receive them." In this last respect, ICEM has moved a total of 64,906 refugees under the United Nations High Commissioner's mandate from February 1, 1952 to February 28, 1955.

Under its Far East Programme, ICEM, transported 1,451 refugees of European origin from China to various countries of resettlements in 1954; 594 in 1955 and during the first three months of 1956, 412. The number of refugees to be moved from China was estimated as 10,000 in 1953.

Canada has not made much use of the facilities provided by ICEM. It has provided operational advances to cover the cost of migration movements to Canada but has not contributed to the operational programmes on an assessed basis. On the other hand, Canada has paid its share of the administrative budget on an assessed basis. While Canada's actual assessment for 1956 is greater than our assessment for 1955, the percentage assessment has been reduced from 8.51 in 1955 to 8.39 in 1956. Canada has also contributed its assessed share of \$85,100 of the administrative part of the \$3,000,000 Cash Reserve which was set up by the Organization in April 1954. This contribution is in the form of an interest-free loan reimbursable to each Member government in the event that the Committee is dissolved or that the Member government does not continue its membership in ICEM.

APPENDIX "F"

Support Costs for Canadian Forces in Germany

At the meeting on May 24, in replying to a question by General Pearkes, I said that the Canadian Forces in Germany had been maintained and supported by the Canadian Government although I believed that some of the capital facilities which they were using had come originally from German sources. I would like to supplement that answer now by confirming that the capital facilities made available to Canadian Forces in Germany have been paid for out of support costs provided by the German Government.

In connection with the construction of buildings, General Pearkes asked whether Canada had bought the land on which buildings have been constructed and I undertook to clarify this point. The practice for meeting the costs of the new buildings which are being used by members of the Canadian Forces in Germany and their dependents varies according to the nature of the facilities. The married quarters occupied by members of Canadian Forces belong to the German Government and the Canadian Government rents them under the terms of rental agreements which have been entered into. As regards the land on which these buildings stand, in all cases it belongs to the German Government. Insofar as the construction of the other buildings is concerned, Canada has not paid the construction costs. The costs for this construction have been met from funds coming from German sources. Thus, in all cases, the land has been provided by the German Government and Canada has bought no land in Germany.

APPENDIX "G"

Indian Non-Adherence to the San Francisco Treaty (1951)

In explaining why it declined to attend the San Francisco Conference in 1951, the Indian Government stated that it found the treaty which was proposed for signature failed to satisfy two criteria which it regarded as of fundamental importance:

- (a) That the treaty "should concede to Japan a position of honour, equality and contentment among the family of free nations," and

- (b) that the treaty "should be so framed as to enable all countries specially interested in the maintenance of a stable peace in the Far East to subscribe to the treaty sooner or later."

In a note made public and published in the proceedings of the San Francisco Conference, the Government of India held that these criteria were not fulfilled because:

- (i) The Ryukyu and Bonin Islands were to be placed under U.S. trusteeship instead of being placed under Japanese administration.
- (ii) Provision for the occupation forces to remain in Japan as part of a security arrangement should not appear in the treaty of peace.
- (iii) The treaty failed to specify that Formosa "should be returned to China" and that the Kurile Islands and South Sakhalin should be ceded to the Soviet Union.

The Governments of India and Japan signed a separate treaty of peace on June 9, 1952, which contained only one political clause, "There shall be firm and perpetual peace and amity between Japan and India and their respective peoples." On the specific points to which India objected before San Francisco, the treaty of June 9, 1952, is silent.

The Governments of the Soviet Union, the Philippines, Indonesia and Korea have still not concluded treaties of peace with Japan. The Soviet Union was represented at the San Francisco Conference but refused to sign the treaty. Philippine representatives signed the treaty, but the Philippine Government has not yet ratified it: it may do so now that agreement has been reached on a reparations arrangement. Indonesian representatives signed the treaty but the Indonesian Government has not ratified it because of dissatisfaction with the reparations terms of the treaty; no reparations settlement appears to be likely in the immediate future. Korea was not invited to sign the San Francisco Treaty.

The National Government of China, because of differences between the two inviting powers, the United States and the United Kingdom, was not represented at San Francisco or invited to sign the treaty. It has concluded a separate treaty, closely modelled on the San Francisco treaty, but of course the Central People's Government is not bound by it. Burma has also concluded a separate treaty with Japan, closer in spirit to the Indo-Japanese treaty of 1952 than to the San Francisco treaty, but including a reparations arrangement.

APPENDIX "H"

Canadian Observers at United States Atomic Tests

"The Committee will recall that in 1946 the United States invited representatives of a number of countries including Canada to attend the first post-war atomic test at Bikini. Subsequently, the United States adopted the Atomic Energy Act of 1946 which precluded the presence of foreign observers at United States atomic weapons tests. In 1954 a new Atomic Energy Act was adopted which broadened considerably the range of atomic activities within which the United States authorities are authorized to cooperate with foreign governments. It should be appreciated, nevertheless, that the new legislation still places rigorous restrictions on the nature and extent of such cooperation, particularly in the military field.

"In the spring of 1955 upwards of sixty Canadian service personnel attended an atomic test in Nevada, at which time they were given the same opportunity as United States forces to gain experience of the effects of an atomic explosion and to test detection and decontamination procedures.

"In June, 1955, in accordance with the provisions of the new United States Atomic Energy Act, Canada and the United States concluded an agreement for cooperation regarding atomic information for mutual defence purposes. This agreement was tabled in the House on June 20, 1955. It is under the terms of this agreement that the Canadian services and the Defence Research Board have been invited to observe one of the "shots" in the current series of nuclear tests in the Pacific. The particular test to which the Canadian personnel have been invited is expected to take place during the summer. As the Minister of National Defence mentioned in the House when he announced that the invitation had been accepted, it is a different shot than the one recently witnessed by the U.S. press, the reason being that there is very limited accommodation for visitors. We assume that our observers will be given all the information that the United States is permitted to provide within the terms of the Atomic Energy Act."

Canada. External Affairs, Standing Committee
on 1956
Government Publications
HOUSE OF COMMONS

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

THURSDAY, JUNE 7, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statement by General A. G. L. McNaughton, Chairman, Canadian
Section, International Joint Commission

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.

and Messrs.

Aitken	Gauthier (<i>Lac-Saint</i>	MacKenzie
Arseneault,	<i>Jean</i>)	Macnaughton
Balcer	Goode	McMillan
Breton	Hansell	Michener
Cannon	Henry	Nesbitt
Cardin	Huffman	Patterson
Coldwell	James	Pearkes
Crestohl	Jutras	Richard (<i>Ottawa East</i>)
Decore	Knowles	Starr
Fleming	Lusby	Stick
Garland	MacEachen	Stuart (<i>Charlotte</i>)
	MacInnis	Studer—35.

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, June 7, 1956

The Standing Committee on External Affairs met this day at 10.30 A.M. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Miss Aitken, Messrs. Boisvert, Breton, Cannon, Crestohl, Fleming, Garland, Goode, Henry, Huffman, James, Jutras, Knowles, McMillan, Michener, Patterson, Starr, and Stick—(18).

In attendance: General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Miss E. M. Sutherland, Secretary; and Messrs. D. G. Chance, Assistant Secretary; T. L. MacCallum, Legal Adviser; E. R. Peterson, Engineering Adviser.

Tribute was paid to the late Doctor J. L. MacDougall, Member of Parliament for the constituency of Vancouver-Burrard. The Chairman announced that he would convey to Mrs. MacDougall the Committee's expression of sympathy.

Item 109—International Joint Commission—Salaries and Expenses, was called by the Chairman who then introduced the witness, General McNaughton.

General McNaughton proceeded with a review of the activities of the International Joint Commission and certain problems associated with its operations.

It was suggested and agreed to by the Committee that in future witnesses be requested to provide multigraphed copies of important statements for distribution to Members of the Committee approximately three days prior to the meeting in order to expedite the Committee's work.

General McNaughton made a brief statement concerning the Columbia Basin and by leave of the Committee tabled for incorporation in the record the following documents:

1. International Joint Commission—Semi-annual Meeting—Washington, D.C., 5 April, 1955—Columbia River Reference (1944). (*See Appendix A*)

2. Statement on Columbia River Reference, Docket 51—Semi-annual Meeting—Ottawa, 4 October, 1955. (*See Appendix B*)

3. Statement by Chairman, Canadian Section—Semi-annual Meeting—Ottawa, 4 October, 1955. (*See Appendix C*)

The Committee agreed to postpone the questioning of General McNaughton until its next meeting.

Mr. Starr asked that note be taken of two errors appearing on page 110 of the Committee's Minutes of Proceedings and Evidence, Tuesday, April 24, 1956. At line 35 and again at line 47, the word "conciliation" appears instead of the word "cancellation".

At 12.30 p.m. the Committee adjourned to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

June 7, 1956, 10.30 A.M.

The CHAIRMAN: I see a quorum.

Before going on with this morning's business, I wish to pay tribute to the memory of a former member of this committee who passed away yesterday afternoon a few minutes after I was talking to him. I will ask Mr. Goode, a member of this committee and a member from British Columbia, to address the committee.

Mr. GOODE: Mr. Chairman, we speak, of course, of the hon gentleman from Vancouver-Burrard, Dr. J. Lorne MacDougall.

He and I were elected together in 1949 and, from the time that Mr. MacDougall came to Ottawa, I think that his talents were directed more to this committee than to any other committee of the house. Because of that work, over the years, when he was a member of this committee—and a very valued member—he was appointed as a Canadian representative to the United Nations. During that time we all know of his work in furthering Canada's prestige throughout the world. Most of us have had that same post in New York and we know how very valuable Jack's work was.

This committee has lost a very sincere supporter and, speaking for British Columbia, we have lost a very dear friend.

This house, yesterday, felt the loss of our distinguished colleague, and I am quite sure that the members of this committee will join together in hoping that the disaster suffered by his wife will be eased by someone whose power to comfort is far above any human power.

Jack, of course, has left a void in the house that no one else can fill. We hope that, on this record, it will say that this committee feels great sympathy for his wife.

Mr. FLEMING: Mr. Chairman, all of us have been deeply shocked by the sudden death of our colleague, John Lorne MacDougall.

Tributes, of course, will be paid to his life and service in the house; but, in this committee, we will think of him as a former member of this committee. He was a personal friend of us all and in his death we have, each of us, suffered a personal loss. In addition we consider that the public life of Canada has likewise suffered a severe loss.

Notwithstanding that the threat of ill health was his constant companion, the late Mr. MacDougall was unfailingly cheerful. I think in that regard he was an example to all. He was friendly and popular. All of us deeply mourn his sudden and untimely passing from the sight of men.

We all join in this expression of sympathy to his widow. She was his constant companion in his parliamentary duties, and his death will be a crushing loss to her. Our sympathy goes out in full measure to her and we all pray that God's comfort may be her portion in this hour of sorrow.

The CHAIRMAN: I will convey to Mrs. MacDougall the sympathy expressed this morning by the members of the committee.

I received the news of his death yesterday afternoon with great sorrow because he was a good friend of mine. He had his room near mine and every day we spoke together about our common problems. I have always thought of him as a sincere and great Canadian.

I will write to Mrs. MacDougall today and express the sympathy and condolences of the members of our committee.

Now, gentlemen, let us get on with our work.

I intend to take up first this morning item 109.

Item 109—International Joint Commission—

Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman of \$17,000 per annum, \$100,745.

We have the pleasure this morning of having before our committee General McNaughton who is always well prepared to give any information which might be required to complete the work of this committee.

I now call on General McNaughton.

General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission, called.

The WITNESS: Thank you, sir.

Mr. Chairman and members, it is a great pleasure to me to have this opportunity of appearing before you again. Also, to all the members of the staff and the members of the various committees and groups, whether engineering or others, who are engaged on these important investigations throughout the country, it is always a source of great satisfaction to them to know of the close interest which this committee, and the house, is taking in their work. So I want to assure you that we all consider it a very great privilege to be here and to have this opportunity of talking to you about what we are trying to do.

Mr. Chairman, in the estimates which have been presented to parliament on behalf of the International Joint Commission—or rather the Canadian Section of the International Joint Commission—you will note that under the salaries and expenses vote of the commission approximately the same expenditures are provided for in the coming fiscal year as for the fiscal year just passed. The expenditures last year in this vote were approximately \$9,000 less than estimated, and this is due primarily to the amount of travel required of the commission being somewhat reduced. By reason of arrangements which were not under our control, the program had to be varied.

The other International Joint Commission vote entitled "Canada's share of the expenses of studies and surveys and investigations" outlines in general terms the various tasks which the commission expects to carry out during the present fiscal year. These, Mr. Chairman, I would hope to discuss in some detail later, but at this point I think it would be useful if I outlined the reasons for the more important of these various items.

You will note that our request for funds for the Air Pollution Reference remains constant. We are now in the process of bringing this matter to a conclusion and we feel that the funds which have been requested will be sufficient to continue the work to the extent required for the current fiscal year. In subsequent years, and until the continuing studies on air pollution are organized, as we expect they will be more directly under the United States and Canadian departments of health, certain of our work must continue in order to preserve continuity. I am not suggesting that we are trying to preserve continuity for the sake of continuity, but because some of the health studies that have been launched have had a very large amount of work put into them and if they were interrupted the value, we are told by men of authority, would to a large extent be lost. So we are endeavouring to keep the work going until others are in a position to take it over.

The estimate of requirements under the Mid-Western Watershed Reference remains at the same figure, \$10,000, as last year. This reference includes the Souris River Reference and the Souris-Red Rivers Reference. Last year public hearings were held in the Souris Basin, but there were savings because certain engineering investigations could not be completed, in accordance with the schedules which have been laid out on which our request to parliament has been based. The consideration of this reference is now reaching a very critical stage and it is necessary to have funds available to meet the costs of legal and engineering advice.

Under this item also funds are provided for the Waterton-Belly Rivers Reference. The Waterton-Belly rivers are the rivers that rise in the state of Montana and go across the boundary into Alberta. They are rivers, the flows of which have a vast import in connection with the development of irrigation in Alberta. On this reference, each section of the International Joint Commission has reported separately to the governments. This procedure of separate reports is one which is provided for in the Treaty when the commission is unable to agree on a joint recommendation of a solution to the two governments. That, I am sorry to say, is the case in the Waterton-Belly Rivers Reference. The matter has not yet been disposed of and it is possible—and we must provide for it—to be able to do additional work of an engineering character or to obtain legal advice at very short notice. We have accordingly made a small provision in the votes.

Of the \$21,000 which was requested for the Lake Ontario Levels Reference, approximately \$19,000 was used last year. But, with the construction of the power development going forward on schedule, it will be essential to keep our engineers in the field to ensure that the levels of the river, in the construction period, are maintained in accordance with the St. Lawrence Order and we will need this work to assist the commission in making the final recommendations to the governments in the matter of the levels of Lake Ontario. We estimate that in order that essential work be carried out, an additional \$4,000 will be required, making our total request \$25,000.

Again, in the matter of the St. Lawrence Power application, the requirements are increasing with the progress of construction. We estimate the expenses of our Board of Control this year will be \$20,000 as compared to \$15,000 last year.

In the Saint John River Reference, provision for \$10,000 is requested instead of \$6,500 last year. The reason for this is that it seems likely that some further engineering investigations will be required to supplement the information which was given to the two governments, and to the province of New Brunswick and to the state of Maine in the commission's interim report of 1954.

We have made a request for the provision of \$50,000 for the starting of various investigations in the basin of the St. Croix river as a result of a reference which has been given the commission by the governments of Canada and the United States under date of June 10 of last year. We have our Canadian engineers, with their American associates, already in the field, and we consider it a matter of very considerable importance to the government of the province of New Brunswick in particular, and we wish to press forward with these investigations with all possible dispatch.

We have asked for provision for \$25,000 to cover the commencement of preliminary investigations in relation to international rivers crossing the boundary between the Yukon Territory and northern British Columbia and Alaska, including the Panhandle. The commission understands that the Canadian government has received from the United States government a suggestion that a reference should be made to the International Joint Commission

on these matters. In any event, in our studies of international rivers which come within the purview of our responsibilities, it is most desirable that certain basic information should be received in advance by the commission and be made available to the government. As matters stand, we are really very short of the essential information which is needed in that section of the country in respect to our waters, particularly waters rising in Canada and flowing across the boundary into the United States.

I understand also that the commission may expect to receive shortly from the governments of Canada and the United States a second reference requiring that the studies on the Passamaquoddy project for tidal power development should be brought up to date and extended to include an economic appraisal of the possibilities. Also, that the possible effects of the construction of this project on the fisheries of the Bay of Fundy be included to ensure that no adverse effects will occur on the fisheries in that water—that is, the Bay of Fundy. This is quite a comprehensive task which it has been indicated we will be called upon to perform. The amounts have not yet been estimated and as a consequence we have not been able to insert an item in the estimates for the current year to cover it, partly because the information on the prospects came too late. However, the matter is being worked out and, as the reference requires, we will ask the government to make due provision in whatever ways may be appropriate.

There is one other item of importance in which the International Joint Commission is deeply concerned which is not referred to in our own estimates; that is, the Columbia Basin investigations in which, in accordance with established practice, the vote is provided in the estimates of the Department of Northern Affairs and National Resources. I should like to mention at this time that the sum required will amount to \$465,010, and that the details which have all been worked out and arranged by the Canadian Section of the International Joint Commission and the Department of Northern Affairs and National Resources will be presented to parliament by that department. This placing of estimates, for particular studies of that character, on the department which is to carry them out is an arrangement which is arrived at for the convenience and facility of administration and to help all concerned. The department is the one that carries out the details of the plans. The commission itself has neither the staff nor the opportunity to supervise the conduct of the work, and that is done in the department where it is all administered. It is more convenient and efficient that the department should have the work. We are the users of the information when it is received and we follow it very closely. It has not been proven advisable for the commission to endeavour to do these administrative works itself because to do so we would need a very much enlarged staff.

With this general description as a background, and with your permission, Mr. Chairman, I would like now to speak in more detail of the work which is proceeding under the various references, if that meets with your pleasure, sir.

The CHAIRMAN: Yes.

The WITNESS: Might I ask one of my assistants to put up on the wall a general map of Canada which indicates the geographical locations of the various references to which I will make reference. It also shows the various references which the commission has had from time to time and I think it might be useful if you could see that as we go along.

In this brief review, Mr. Chairman, I am proposing to start at the Atlantic and work through to the Pacific. There is no reason for that except to follow some order systematically.

As I said, the commission now has before it a reference on the question of the further development of the St. Croix river. The St. Croix river, you

will recall, is in large part the boundary between the province of New Brunswick and the state of Maine. We received this reference from the governments on June 10 last year.

At the meeting of the International Joint Commission in October of 1955, the commission set up the International Engineering Board relating to the St. Croix river and that board in turn set up various working groups and committees to investigate—as we have been told to do—

the possibility of providing additional power from the resources of the river which forms, in part, the boundary between the province of New Brunswick and the state of Maine—and also the possibility of rehabilitating the salmon stocks in the St. Croix river basin which at one time was one of the most important salmon-producing areas on the Atlantic coast.

The salmon there disappeared from the St. Croix by reason of pollution, and pollution of boundary waters is something which we have undertaken in our Treaty with the United States to prevent, particularly in respect to pollution which crosses from one side to the other—as most of the pollution in the St. Croix river does in fact do. The commission has no powers of restriction on pollution into the sea. We are only concerned with it when pollution originates in one country and acts to the disadvantage of health or property, in the other country.

At the semi-annual meeting of the International Joint Commission in Washington this year, we had the first progress report of the board showing its work to date and requesting that the commission should inspect the area which is under review and after the inspection meet with the boards and working committees, in order that we can arrange the work to the best advantage of all concerned. We are, accordingly, going to the St. Croix on June 20 this year so that the commissioners can see at first hand the area with which we are concerned, and so that the members of the commission can be more closely informed of the topographical and hydrological conditions which exist and of the problems which require solution.

I refer now to the Saint John River Reference. The commission made a study of the Saint John river basin in order to recommend to the governments—and I quote—“which projects for the conservation and regulation of the waters of the Saint John river system above tidewater near Fredericton, New Brunswick, would be practical in the public interest.”

A detailed study of the system was made by the commission's engineering board and its working group and in April of 1953 it submitted a report entitled “Water Resources of the Saint John River Basin—Quebec and Maine—New Brunswick”.

The commission in its interim report to the governments stated that “While the board has analyzed the physical and economic merits of specific projects for the purpose of assessing some of the major possibilities; determining principles which may be involved in actual developments and offering a solution to the near future power shortage of the area, it appears untimely for the commission to offer precise recommendations on a development program involving specific international projects pending receipt of clear cut proposals from governmental or private interests which are prepared to undertake the financing and construction of those integral parts having international aspects. When such definite proposals are presented, their merits may be further assessed with respect to the then available data and through public hearings where desired by interested or affected parties”.

The report went on to say that “the submission of this interim report of the commission and the transmission of the interim report of the board are not intended to constitute a proposal for accomplishment of any of the development possibilities outlined in the board's report”.

This interim report of the commission was dated 27 January 1954 and since that time, the commission has received annual reports from the engineering board covering developments in the area.

Mr. CRESTOHL: Mr. Chairman, I wonder if it would not be possible for us to hold up the report until some representative of the Conservative party is present because they may want to participate.

The CHAIRMAN: Mr. Fleming told me that he was coming back and that he has no objection to our continuing with General McNaughton's statement.

Mr. GOODE: Mr. Chairman, in connection with Mr. Crestohl's remarks, how many members of the Conservative party are on this committee.

The CHAIRMAN: Seven members.

Mr. GOODE: Seven members. I am content for General McNaughton to go ahead.

Mr. CRESTOHL: I thought out of deference to the members of the Conservative party, and in view of the importance of the report being made by the chairman of the International Joint Commission, that we might make a break; but if Mr. Fleming wishes us to continue, then very well.

The CHAIRMAN: Yes. He sent me a note.

Mr. PATTERSON: Was the quorum set at eight or ten members?

The CHAIRMAN: Ten, but there will be no questions allowed if we do not have a quorum when the statement is completed; there will be no questions, but the statement will be printed. At our next meeting General McNaughton will be present and members may then put questions to him.

Mr. GOODE: Mr. Fleming said it would be all right with him if we continued?

The CHAIRMAN: Oh yes; very well, general.

The WITNESS: Thank you, sir. I was speaking about the development at Beechwood on the Saint John. The head available will be about 60 feet, and there would be three units each of 34,000 kilowatts, of which two units are now to be installed. It is expected that these units will be in service at the beginning of 1957. Studies of the possibilities of increased storage on the Tobique where it has been suggested that some 11,290,000 acre feet might be developed economically in addition to the 187,500 acre feet already developed.

Additional storage to river sites along the main stem of the Saint John river is a matter of very great importance.

In the state of Maine the legislature has repealed the "Fernald" Act, a statute which prevented the exportation under any circumstances of electricity generated from water power.

The repeal of this act will facilitate arrangements for cooperation between Maine and New Brunswick in the interconnection of the respective distribution system and the interchange of power to satisfy local requirements. I might mention that the interchange of power and the coordination of the two systems was one of the matters which was very strongly recommended by the International Joint Commission in the report to which I have made reference, so this action by the legislature in the state of Maine is a very welcome move. It is welcome not only to the commission, but, I am told, to the province of New Brunswick as well.

I would like now to turn to the St. Lawrence power project. Members of the committee will recall that on the 29th October, 1952, the International Joint Commission issued its Order of Approval authorizing the construction operation and maintenance of the St. Lawrence power project, subject to various safeguards for the protection of both upstream and downstream

interests from the damaging effect of both high and low waters. The U.S. portion of the project however, also required a licence from the Federal Power Commission and this was issued on 15th July, 1953. The licence was challenged in the courts and it was not until June 7, 1954, that the Supreme Court of the U.S. handed down a final, favourable decision upholding the validity of the Federal Power Commission licence. Ground-breaking ceremonies were held at Massena, New York, and at Cornwall, Ontario, on August 10, 1954.

Since I reported to you last year on the progress being made in the construction of the St. Lawrence power project, much has been accomplished through the efforts of the two power entities, the Hydro-Electric Power Commission of Ontario and the Power Authority of the state of New York. It looks now that we may expect that the pool above the Barnhart dam will be filled and that the first units of the power plant will be placed in operation during the summer of 1958.

The commission's order of 29th October, 1952, in addition to providing for the works for power also required that the entities should facilitate navigation by construction of channel enlargements to specifications designed to give stated maximum mean velocities in any cross-section of the channel, under regulation of outflows and levels of Lake Ontario in accordance with what was known as Method of Regulation No. 5.

At the time the order was issued it was suspected that the calculated flows of water from Lake Ontario on which Method of Regulation No. 5 was based were not accurate and it was understood that when revised figures were obtained a supplementary order would have to be issued so that the corrections could be taken into account in the design of channel enlargements to fit the actual supplies as calculated over the period of 95 years of records, as adjusted to present conditions.

After careful studies by the International Lake Ontario Board of Engineers and their technical advisers from various interested agencies, under the auspices of the commission, certain criteria, a range of stage 244.0 (navigation season) to 248.0, as nearly as may be, and a plan of regulation (12-A-9) were recommended to the governments in letters dated May 9, 1955. On December 3, 1955 the governments of Canada and the United States approved these recommendations, with the reservation that Plan of Regulation 12-A-9 would be used only for the purpose of the design of channel enlargements and that the commission should continue its studies to perfect a plan of regulation for actual operation.

These further studies are being carried out by the International St. Lawrence River Board of Control under the direction of the commission. This board will have the responsibility of ensuring that when all the works have been completed, they will be operated by the two power entities in accordance with the orders of the commission.

The commission now has under consideration the terms of a supplementary order which will be issued to give effect to the recommendations of the commission as approved by the two governments on December 3, 1955. I feel that I can give assurance that this supplementary order will be issued in the very near future. It is in the final stages of drafting and I do not anticipate that there will be any occasion for further change. The draft is at present with our colleagues in Washington. Early action is important so that the requirements of channel design may be finalized before the excavations are too far advanced, otherwise extra expenditures on construction might be involved.

The St. Lawrence power application is very closely related to the reference which the governments of Canada and the United States made to the International Joint Commission on the subject of the levels of Lake Ontario and I now turn to that reference to give you a short progress report.

On June 25, 1952, the governments of Canada and the United States directed the commission to study the problem of reducing the extremes of stage on Lake Ontario for the benefit of the property owners on the shores of the lake both in Canada and the United States. The commission was also directed to study the effects of Gut dam and the other various factors which affect the fluctuations of water level on Lake Ontario, and having regard to the proposed power development on the St. Lawrence, the commission was directed to state whether or not a more beneficial range of stage could be effected. It was specifically stated however that the study of the Lake Ontario levels was not to cause delay to the St. Lawrence power project.

As I have reported to you on previous occasions, following the issuance of the IJC order of October 29, 1952, the Canadian government removed Gut dam from the St. Lawrence river at the outlet of Lake Ontario. Subsequent studies have confirmed our view that the adverse effects attributed to the dam in raising the levels of the lake had been greatly exaggerated. However, the general problem of the levels has not yet been completely solved.

It is recognized by the commission, in its order of approval of the St. Lawrence power project that all possible relief will be given to shore owners on Lake Ontario—and that goes for the Canadian side as well as for the American side—consistent with the needs of the power and navigation interests and also consistent with the rights of the downstream interests such as those in the Lake St. Louis and Montreal areas. It is, therefore, a question of balancing the rights of all interested parties so as to arrive at a just and equitable solution.

To this end, the commission met in Montreal in March of last year to establish tentative conclusions as to the range of stage of Lake Ontario, which, on technical considerations, would be most appropriate in accordance with the purpose of the reference. At that meeting it was thought that a range of stage of 248.0 as a maximum and 244.0 minimum during the navigation season would best meet the needs of all interests. This was reported to the Secretary of State for External Affairs on March 17, 1955.

With this range of stage tentatively established, the commission held public hearings in Rochester, New York, and Toronto, Ontario, on April 12 and 14, 1955. The shore owners on Lake Ontario were not entirely satisfied with the proposed range of stage and they expressed a desire for either a lower range of stage or a fixed level of 246.0 or less.

The commission met again in Buffalo on May 5 where it was ascertained that the range of stage tentatively recommended did not adequately protect downstream interests. We had gone too far apparently for the views of the people upstream. After some discussion the commission agreed to recommend to the governments the modified range of stage of 244.0 (navigation season) to 248.0 as nearly as may be. That is, it became objective, when it was found that it was not possible to set it up as a precise criterion.

By Mr. Fleming:

Q. What is the breaking point, geographically, between upstream and downstream?—A. I would not say there was a breaking point between them. It depends on the way you look at it. People who are, sort of, below a point or above a point are what we refer to as upstream or downstream interests. If we are dealing with levels at the Iroquois dam, everything in the St. Lawrence river above Iroquois, right up into Lake Ontario and into the Niagara river would be regarded as an upstream interest, while everything below Iroquois, that is the power works at Barnhart island, and the levels below Barnhart island in the north and south channels around Cornwall island, and in Lake St. Francis, and the flows and levels of the Beauharnois power plant,

and the levels of Lake St. Louis, and the conjunction with the Ottawa river and all through this part of the country would be referred to as downstream interests.

Q. So it is a variable term depending on the particular spot you are speaking of?—A. Yes. One person may be an upstream interest at one minute and the next minute he is a downstream interest in respect to some other business. It is a sort of general phase. Do I make the position clear?

Q. Yes.—A. It is not a precise legal definition, geographically, and I do not think it could be for our purpose.

In the commission's letter to the governments of May 9, 1955, recommending this range of stage, it was said that "Taking into account the downstream interests and on the basis of the past 95 years' experience, the recommended method of regulation will lower all stages in Lake Ontario above elevation 246 and this provides substantial benefits to the lakeshore owners".

Also in this letter, the commission recommended the plan of regulation (12-A-9) indicating that further refinements of this plan were being studied. As previously mentioned the governments in their letters of December 3, 1955 accepted the commission's recommendations with respect to criteria and range of elevations for Lake Ontario and urged the commission to continue its studies in order to perfect a plan of regulation. This is being done with a view to providing the maximum benefits to all interests concerned both upstream and down.

I might give a word of assurance here that as these studies progress, those of us who are intimately concerned with responsibility for their conduct feel that we are in fact going to be able to give the protection that is required. These are very intricate and involved matters and they require the closest study and attention. Some of the best hydraulic engineers in the world, both in Canada and the United States have been made available to the commission. We have had the benefit of their studies which are continuing, and we in Canada are going to come up in the end with an answer which is complete and viable for everybody.

By Mr. Michener:

Q. May I ask if the level of Lake Ontario is lowered, will the level of water at the port of Montreal be also affected?—A. If the top level of Lake Ontario is lowered the amount of water which is available for use in regulating the flows of the St. Lawrence would be reduced proportionately, and in consequence it would have a very serious effect upon the levels for shipping at the port of Montreal.

The commission of course is not able and has no authority itself to set priorities in these matters. The priorities are established by treaties which are formal documents between the countries, and we are not at liberty adversely to affect navigation, for example, in order to benefit somebody else. We have got to make a reasonable compromise in which everybody will get the maximum benefit upon which we can agree.

Q. I was interested to know if there was a real conflict of interest, and apparently there is, and if it was in the interests of the residents along the shores of Lake Ontario to have a lower level of water, on the one hand, while it would be in the interest of shipping in the harbours of Montreal, where the more water there is the better are the shipping facilities.—A. There is indeed a conflict of interests.

Q. Whose duty will it be to reconcile that conflict finally?—A. The duty has been placed upon the International Joint Commission to come up with recommendations which the governments will, in due course, be asked to approve. The final responsibility rests with the governments. However, the

responsibility to make recommendations for their consideration lies with the commission. It is a very difficult matter, as I am sure you will agree, to arrive at an equitable solution because, on the one hand, you have the wishes of the people along the shore of the lake for lowered levels, or rather a lowered range, or lowered top levels; and you have the need for storage of a certain amount of water with which to regulate the flow, partially in the interests of navigation, and very "importantly" for power development because, as I have said, there is this conflict of interests which we have got to resolve in the best interests of the public in both countries both upstream and downstream and in particular to assure that nobody, anywhere, is asked to accept a sacrifice. Now, the hope of solution lies in the fact that in this expenditure of over \$900 million—getting on towards \$1,000 million—the design of power and navigation, increased channels and so on, has been carried out in such a way that it is a benefit for everybody and every interest concerned. I do not believe in the commission that we have, in fact, to impose a hardship on anybody. We have the much less ominous and invidious task of distributing a benefit which may be small for some and larger for others, but that is quite a different thing to creating damage. I have been very careful, in the order of the commission and legal writ which goes with it, to ensure that no interest downstream from the works can be adversely affected at all by anything which is done and that every interest which is affected has the full right to go to the courts of the land for an injunction if they are not satisfied.

The same situation does not quite exist upstream because there we knew that by building the dam at Barnhart island, areas of territory, both in Canada and the United States, would in fact be placed under water and that people would be adversely affected. Our Order provides for those lands to be flooded, but it provides that the people who are hurt in that way will be given adequate and just compensation. The commission is following day by day the procedures in these matters under the courts of competent jurisdiction in the two countries and, so far as we are informed, we believe that satisfaction is being given and that justice is being carried out. But it is under constant review.

Q. I should think that the construction of the deep waterway would perhaps make it easier to reconcile these conflicting interests because you have more control of the water now between the level of Lake Ontario and the port of Montreal.—A. That is right, sir. Another thing as far as Lake Ontario itself is concerned, which is very much in the mind of the hydrological experts who sit on your Board of Control, is that when we have the works at Iroquois in operation sometime in 1958, it is not only the range or stage of Lake Ontario which comes under control, but also the timing of high water comes under control and this will, by judicious manipulation and proper foresight, be able to control the high flow; one of these essentials is high wind in the early spring and late fall when most damage occurs. We expect that the final scheme of regulation will carry a lot of benefits which so far we have not been able to fully explore. That is all being worked out at the present time.

The work of the International Joint Commission in respect to these possibilities of damage to interests at various places is not all simple, particularly in respect to due and proper provision for recompense for any injury or damage which may be done.

In response to strong representations by organizations of shore owners, the United States Section of the International Joint Commission, with the support of the United States State Department, has proposed the insertion of a clause dealing with legal redress in the supplementary order in respect to the St. Lawrence power project, and this is now under consideration. The proposed amendment would authorize the commission to undertake a new function; that is, itself to investigate claims for damages alleged to have

resulted from the construction, maintenance or operation of the power works and to determine the cause of such alleged damages. It is proposed that such determination by the commission would, thereafter, be available for use as evidence to any party interested in any controversy arising out of such alleged damage. The proposed amendment also purports to preclude either power entity from asserting as a defence in any suit for damages, allegedly caused by the power works, that such damages were caused by the other power entity.

I think that the lawyers on this committee will agree that this is a plan with pretty far-flung implications to the commission to undertake to create legislation for the two countries. In consequence, on the Canadian side we have felt that these were matters which require the consideration of the best legal advice that the governments of the two countries could obtain and, in particular, on our side that we need the advice of the law officers of the crown. So, we have arranged that, in place of the International Joint Commission going ahead with the settlement of this proposed amendment itself, that the legal questions which are raised by the United States proposal should be referred directly to the two governments for consideration, that they should be invited to go into these matters themselves and to advise the commission as to the result of their consideration.

Now, I am happy to report that my colleagues from the United States side, as I understand, have accepted that procedure of reference of the subject matter back to the governments and that as a result this will now be deleted in the supplementary order of the St. Lawrence by reason of these particular legal questions with which we are faced.

I would like to say here, Mr. Chairman, that the Canadian commissioners, in 1952 when we had this order under consideration, had the benefit of consultation with and advice of—and we followed the advice—very eminent legal officers both of the governments and from outside. We are quite satisfied, and we believe that it is in fact working out, that the provision for redress in the order as it now stands will—to use the legal phrase of experts—be effective. I think that we went to exactly the right point in the order, and our lawyers thought the same, and we would look with very grave anxiety on any amendment which would even purport to change or amplify the law of Canada, and we do not believe that that would be within the authority of the International Joint Commission. I believe myself that that will be the way it will be found to be.

Now, Mr. Chairman, I would like to refer for a few minutes again to the Air Pollution Reference of 1949.

The members of this committee will recall from my statements to you on previous occasions that, as a result of complaints of air pollution along the international boundary in the Detroit-Windsor area, the governments of Canada and the United States directed that the commission make an investigation.

The primary duty imposed on the commission was to ascertain whether vessels plying the Detroit river were polluting the air by discharging smoke and if so to recommend preventive measures.

To that end, a laboratory was established in Windsor by the Canadian Section of the International Joint Commission's Technical Advisory Board on Air Pollution. The United States section of the board had officers working in conjunction with the city of Detroit and the state of Michigan also to study the vessel smoke problem.

It was found that the vessels were in fact polluting the air but in addition there were a number of other factors that contributed to the general pollution of the air above Detroit and Windsor. In these circumstances, in order to be in a position to assess the relative significance of vessel smoke, the commission

directed its board to study the other factors which might contribute to the contamination of the atmosphere even though it was understood that recommendations could only be made to governments in the matter of vessel smoke.

As far as the vessels are concerned, the commission feels that we have reached a stage whereby we can now conclude the reference by making definite recommendations to governments. By persuasion and indeed with a most satisfactory and full cooperation from the vessel owners, the amount of smoke being emitted by the ships in the Detroit-Windsor area has been reduced so much that today 90 to 95 per cent of all ships that travel the river now comply with the objectives set out by the advisory board and approved by the commission.

There are a few ships that cannot meet the objectives because of various reasons. Primarily the ships in question are very old ones of the 14-foot canal type and are equipped with hand-fired coal burning boilers. When the deep sea canal is completed from Montreal to Kingston, it is expected that many of these vessels will be withdrawn from service because of becoming uneconomic in the face of competition from the bigger and more modern ships. The commission has felt that to require these obsolescent ships in the interim to convert their firing methods at this stage would place an undue financial burden on the ship owners. Incidentally, the shipping available for the transport of commodities of trade and commerce in the upper St. Lawrence and Great Lakes is limited now, so we could not force the vessels out of service by reason of smoke; that did not seem a reasonable thing to do at this stage.

As I have indicated the vessel smoke investigation has substantially been completed and it is the view of the commission that our report to governments should be made within the next 18 months. With that in mind, the commission has directed its board to complete the technical report by July of 1957. When that report is received, the commission plans to make its own report to governments.

As to this report, my own view is, and I think that this view will be shared by my colleagues, that we should recommend objectives to be met not only in the Windsor-Detroit area, but in the whole of the seaway system. I think that ships, especially foreign ships entering the seaway at Montreal, should be governed by a single comprehensive code which would specify the objectives, the equipment required, and the methods of operation which will be enforced. It is quite unrealistic to expect any satisfaction if these matters are left to the varying views of local authorities from place to place. That is to be instituted along this great seaway.

As regards the sources of air pollution in the Windsor-Detroit area—other than vessel smoke—the results of the studies carried out by the commission's Technical Advisory Board now go to the departments of health of the two countries, and it is these departments which are concerned with the national aspects of the problems and with their solution. The commission has indicated that it stands ready to assist in the discussion of trans-boundary effects and in the evolution of proposals for the remedial action which may be required in this connection. These problems are not, of course, confined to the Windsor-Detroit area, which is the subject of the present reference, but are general, and of rising importance and significance I may say.

It seems probable, therefore, that it will be found that the present reference may need some revision and amplification.

I now pass from air pollution to water pollution.

Mr. MICHENER: Mr. Chairman, I wonder if the General would like to deal with questions on air pollution before he continues?

The WITNESS: Whatever meets the convenience of the committee.

Mr. MICHENER: Perhaps we had better leave it until the end.

The CHAIRMAN: I would suggest that.

The WITNESS: May I proceed now on the subject of water pollution?

The CHAIRMAN: Yes.

The WITNESS: In April of 1946 the International Joint Commission was instructed by the governments of Canada and the United States to make a report on the effects of water pollution in the connecting channels of the Great Lakes between Lake Huron and Lake Erie; in 1948 this reference was extended to include all the connecting channels of the Great Lakes.

After a comprehensive investigation of the several connecting channels under reference the commission made its report in 1950 to the governments. In this report it was stated that there was serious water pollution in these channels which could be detrimental in its effect on the health of the people living in the areas; also the existing pollution was having detrimental effects on fish life in the connecting channels. In the light of the serious conditions reported, the commission recommended the adoption of certain "objectives for boundary waters quality control" and requested that it be given authority to undertake a continuing supervision of the waters in question with a view to bringing to notice all cases where pollution occurred, whether by municipalities or by factories, and other industrial establishments along these channels caused by dumping either municipal sewage or industrial wastes in the river.

These recommendations were approved by the governments and through the commission's advisory boards the commission has since maintained close observation on the situation. In the result, the International Joint Commission, through representations to those responsible and by exercising persuasion, has been able to bring about a substantial reduction in the pollution of the various channels by the many industrial concerns situated along the Detroit and St. Clair rivers in particular.

The commission has not requested any police authority in this matter as it was felt that the best prospect of success depended on an approach to individual offenders based on specific information and persuasion.

The proposals of the commission are based on a prior experience when some years ago in a similar reference, the commission had advocated powers of compulsion but no action on this had been taken by governments and, in consequence, no remedial action had resulted. It is that experience which prompted the commission not to ask for any powers of compulsion whatever but to depend upon reason, common sense and persuasion to bring about remedial results, certainly at this stage.

When, as a result of the commission's continuing investigations, it is found that pollution is occurring from a particular source, the procedure is to point out to the offending municipalities or industries concerned that they are acting contrary to the provisions of the Treaty of 1909 and to emphasize the seriousness of the results of water pollution both to them and to others affected downstream, then to appeal on a basis of reason to their sense of fairness and equity to take the preventives required.

Now, as I have mentioned before, the response from industries has proved most helpful, especially from the petro-chemical industries, industries in the Sarnia vicinity, and elsewhere in that region, and the distillers.

I think I can say that now on both sides of the boundary industrial concerns without exception are responding to the supervision of the commission, and the suggestions made by its advisory boards. In consequence, steady progress continues to be made in the reduction of industrial pollution and I believe this phase of the problem is now largely under effective control.

A few months ago an accident was reported to the commission in which a considerable slug of phenol escaped from one of the Canadian oil refineries into the St. Clair River.

This accident did result in the river, in the areas of municipal water intakes, becoming polluted and the water systems of some of the municipalities were affected before corrective measures could be taken.

The commission took a serious view of this matter as it appeared that the method of reporting accidents of this nature was not sufficiently prompt to allow the municipalities to take corrective measures before the phenols and other pollutants reached their intakes and got through to their water-mains.

As a result of our discussions in Washington last April, my colleague, the chairman of the United States section, Governor Jordan, and I, have written to the state and provincial health departments respectively to inquire as to the method of reporting accidents, such as I have mentioned, and requesting advice as to further improvements on the methods used for the issuance of warnings to those concerned in case of any future accident releasing pollutants to the rivers.

I have hopes that a workable system will be devised in cooperation with the province of Ontario, the states of Michigan and New York and the industries concerned. I may mention in a subsequent small spill everyone concerned along the river was notified immediately of the incident or occurrence and if it was serious enough to cause any damage downstream the municipalities could shut off for the moment their water intakes and see that it did not get into the systems.

With regard to the pollution caused by wastes from Canadian municipalities, I regret I cannot as yet report any substantial improvement as to the amount of pollutants being discharged into the various channels to the danger of the health of those downstream in both countries. However, I am happy to say that in recent action by the Ontario government we believe that we are at last on the way to a comprehensive solution of the matter.

The Premier of Ontario, the Hon. Mr. Frost, has indicated that he takes a very serious view of water pollution, not only in international rivers but also in all the rivers of Ontario that are being plagued by the discharge of untreated or insufficiently treated sewage. To the end of reducing pollution and to increasing the beneficial use of waters in Ontario, he has, with the approval of the Ontario legislature, established the Ontario Water Resources Commission.

This Ontario Water Resources Commission has been given powers somewhat similar in scope to those of the Ontario Hydro Electric Power Commission and in particular—and this is very important—it is authorized to raise money to construct sewage plants and supply to the municipalities the services of a disposal plant at cost.

I have had an opportunity to discuss the problem with Mr. A. M. Snider, the chairman of the new commission, and I have every confidence we can expect results. In this the International Joint Commission's concern is specifically with the international problem of the alleviation of water pollution in the connecting channels of the Great Lakes.

The positive steps taken on the part of the government of Ontario are welcomed by the commission, especially since in our previous endeavours with the municipalities, while we had found an awareness of the dangers and a desire to help, nevertheless, we could not secure action because of the financial limitations under which municipalities laboured. Now a method to surmount this difficulty is available and we confidently expect early progress.

May I mention, in this connection, that similar action has already been instituted on the other side of the line in respect to the states of Michigan and

New York. There the business of clearing up this remnant of municipal pollution is proceeding in a most satisfactory manner. The municipalities which fail to carry out the orders given them are cited and haled before the courts and forced to comply in order not to be a menace to their fellow citizens and neighbours in the other country. I think that we are now really on the highroad to solution of what has been a very grave international problem.

To sum up. The commission has kept close observation over the past several years on water pollution in international waters; it can report continued satisfactory progress by industries and now with the new Ontario legislation it considers that a positive step forward has been taken to assist the Ontario municipalities along the connecting channels of the Great Lakes to remedy the pollution they have been causing, in order to meet the provisions of the Treaty of 1909.

Mr. Chairman, may I go a little further west and report on the Rainy Lake Reference. In May 1939 Canadian parliament ratified what is known as the Rainy Lake Convention between Canada and the United States whereby the International Joint Commission is "clothed with power to determine when emergency conditions exist in the Rainy lake watershed, whether by reason of high or low water, and is empowered to adopt such measures of control as the commission might deem proper with respect to the existing dams at Kettle falls and International falls, and with respect to any existing or future dams or works in boundary waters of the Rainy lake watershed".

In 1949, after the commission had made a study of the watershed, rule curves were established for Rainy and Namakan lakes giving the water levels on the first day of each month of the year. These levels were to be achieved in so far as possible through the operation, by the several companies concerned in the area, of the International falls dam and the two Kettle falls dams to which I have referred. These regulations were outlined in the commission's order of 8 June 1949. The regulation of the lake levels is under the International Rainy Lake Board of Control which reports annually or oftener as required to the commission on the levels of these lakes.

Recently, the United States section of the commission has received complaints that the levels of the lakes have not been maintained in accordance with the order of the commission, and it has been requested that the commission hold public hearings in the area to ascertain the full nature of the complaints and to review the need for improving the method of regulation, if indeed to determine it requires improvement at all.

The Canadian section of the commission has not received any complaints such as those received in the United States section, and has been somewhat hesitant about undertaking public hearings especially since the International Rainy Lake Board of Control has reported generally satisfactory state of conditions.

Nevertheless persistent demands have been made to the United States section for at least a further study of the rule curve governing the lake levels and in April of this year the commission as a whole agreed to hold public hearings in the Rainy lake area, provided first, that the control board make a detailed report to the IJC on the operation of the Kettle falls dams and other factors before the hearings.

We hope that the fears of the complainants will be allayed by this report and the public hearings, and that further expensive investigations will not be needed. The preparation of the engineering report above mentioned is estimated to cost about \$3,000, as our contribution, which will be included in the funds provided to the commission by parliament.

Mr. CRESTOHL: I wonder whether on a question of procedure I could interrupt General McNaughton at this point. I do not know how much more the general has to report to this committee, but I do not think we would be able to do justice to his report, which is so complete, so comprehensive and so detailed, if we were to proceed to question him after his presentation this morning. The report is quite voluminous and we have laboured the general now for the past hour and a half; I think that perhaps we should leave the questioning until our next session, by which time you would have all the material on the record; and perhaps the general would ask that whatever material he has still to give should also be placed on the record.

This, as I said, is on a question of procedure, and I suggest to you Mr. Chairman that perhaps we might take this experience as a guide for the future. It would be extremely helpful if before we convened for a session of this kind to hear a voluminous report the witness might be asked to provide multigraphed copies which could be distributed to the members two or three days before the session. We could then study these reports in our offices and underline those sections on which we wanted to ask questions. This procedure would be much easier for the witness and it seems to me much more profitable to the members of the committee who could then attend the committee meeting prepared with questions beforehand with regard to the information they are seeking. I do not know whether you would wish to have a resolution to this effect, but if you do I would be pleased to move a resolution along those lines.

The CHAIRMAN: Mr. Crestohl, I agree with you and I thank you for bringing the matter to my attention. It would appear, almost, as if you have been reading my mind in suggesting that we should postpone our questioning until another meeting. The statement which the witness has been making is a very important one and it covers extremely important questions; I would think therefore that it would be fairer to the members of the committee to suggest that they should not ask questions today. I would suggest that we postpone questioning to another meeting. I have been informed by General McNaughton that he will be glad to return and answer any questions honourable members might wish to ask of him.

Mr. STARR: Provided, Mr. Chairman, that we have the statement available.

The CHAIRMAN: I will see that you get a copy of the General's statement in time for that meeting.

Mr. CRESTOHL: That only deals with the first half of my statement, Mr. Chairman. I am concerned with the question of guidance for the future—that we should not run into this situation a second time. Do you not think Mr. Chairman, that a witness as important as General McNaughton, and having to make a statement as important as this one, should prepare multigraphed copies of his statement before he attends the committee instead of giving them to us after the presentation has been completed? If we could have these presentations available beforehand it would save a great deal of time.

The CHAIRMAN: I will comply with your wishes, Mr. Crestohl, in the future.

Mr. CRESTOHL: Thank you very much.

The WITNESS: I am, of course, very willing to conduct myself in any way you like. If that is to be your pleasure, the two items that I have here to report on are the Souris River Reference of 1940 and the Sage Creek Reference, I have also a statement I think I should make with regard to the Columbia situation at this time. How much more time have we available now?

The CHAIRMAN: I think we can go on until 12.30 a.m.

Mr. CRESTOHL: I would move that these reports simply be added to the general's presentation and we will question him on it at the next session, unless there are any special points.

Mr. MICHENER: I think there would be greater interest in the Columbia matter and if it would save time perhaps the general's report on the two subjects he mentioned earlier could go into the record.

The WITNESS: Gentlemen, could we then take as read the very short statement I have on the Souris river and the problems which exist between Saskatchewan, North Dakota and Manitoba; and the Sage creek matter which is a troublesome little question we have been trying to dispose of between Alberta and Montana? Shall these brief statements be taken as read and included in the record?

Mr. CRESTOHL: I wish so to move, Mr. Chairman.

Agreed.

Note: The statements to which the witness referred are as follows:

SOURIS RIVER REFERENCE 1940

It is now some 16 years since the commission was requested to study the question of the apportionment of the waters of the Souris river between Saskatchewan, North Dakota and Manitoba.

The reference from the two governments was dated 15 January 1940 and in it, the commission was instructed to recommend an equitable apportionment between these three sovereign entities. It was also instructed to recommend a method or methods of control of the waters and pending a final answer to the above two questions, it was instructed to recommend any "interim measures of regime to secure the foregoing objects."

Since I last reported to you a number of discussions have taken place in regard to an agreement for a final apportionment of the waters of this river.

In September of 1955, the commission held public hearings in Winnipeg, Manitoba; Minot, N.D.; and Estevan, Saskatchewan to review this whole subject and also to hear evidence from the various interested persons as to the further specific uses desired to be made of the waters of the Souris.

In Winnipeg, the province of Manitoba made, what was considered by all members of the commission, a very reasonable claim for a specific regulated allotment of the waters flowing north across the international boundary from North Dakota so as to insure a moving stream to benefit riparian farmers in Manitoba mainly for stock watering purposes. Manitoba representatives expressed anxiety that this matter should be settled in a final apportionment of the waters of the Souris.

At Minot, North Dakota the commission was again advised of the needs of water for the city of Minot for municipal-(sanitary) purposes and also was advised of the law governing water rights in the state of North Dakota.

At Estevan the commission heard evidence from counsel for Saskatchewan on Saskatchewan's applications to construct a dam on Long creek near Estevan and also to construct a dam at Radville. The dam at Long Creek is planned for cooling purposes at a proposed plant to use local coal for the generation of electricity.

Counsel for Saskatchewan also urged that the commission should recommend a final apportionment.

It was agreed by all members of the commission that final apportionment was most desirable but the differences in the law of water rights in Saskatchewan and North Dakota made it very difficult to come to a settlement. In this situation which exists the large use of water made in North Dakota for wildlife is not recognized under Saskatchewan law.

An order of approval was signed approving the Minot application at Toronto, on the 26 January, 1956, and at the recent semi-annual meeting of the commission in Washington, it was accepted that Saskatchewan could proceed, without objection, with the construction of this proposed Long creek project.

However, these additional projects do not solve the problem facing the commission and in fact only recognize the increase in demands for water. These demands now far exceed the flows of the river during an average year.

In these circumstances, the Souris-Red River Engineering Board has been instructed to make further studies looking towards a final apportionment. It is not yet possible to forecast the result but it seems that in regard to uses downstream which are not in conformity with the law of the upstream state, Canada may have to depend on the specific rights of Saskatchewan under Article II of the Treaty of 1909, rather than on the process of negotiation presently being followed.

SAGE CREEK REFERENCE

On 8 April 1946 the governments of Canada and the United States requested the commission, in a joint reference, to use its good offices to bring about an agreement on the division of the waters of Sage creek between the ranchers in Canada (Alberta) on the one hand and the ranchers in the United States (Montana) on the other.

Sage creek is a very small stream rising in the Cypress Hills in southern Alberta and terminating in Montana in a glacial lake just south of the boundary. The flow of the creek almost only occurs during the spring run off season and during that period it appears that it had become the practice for the ranchers to block the stream in order to flood their hay producing lands just before the growing season.

The reason the commission was asked to investigate this matter was that complaints had been received that the Canadian ranchers had been blocking the channel of the creek to the detriment of the ranchers in Montana with the consequence that in some years little or no water crossed the boundary in the channel of the creek.

While this problem would appear at first glance, to be a relatively simple one, it has in fact turned out to be most difficult.

The commission found it necessary to establish the International Sage Creek Engineering Board to study the engineering aspects of the problem and the International Land Use Board to study soil conditions in order to assess the amount of water available and also to determine what land was suitable for irrigation, as there were conflicting claims on this point.

The commission made an interim report to governments in October 1951 recommending certain interim measures to ensure that water did flow below the boundary but recommending also that the commission be permitted to attempt to find a permanent solution to the problem.

Last summer, my colleague, Mr. Spence, held meetings with the Canadian ranchers in order to obtain their agreement on the apportionment of the waters. The proposed agreement was based on the assumption that a canal—really a shallow ditch—would be built to carry water to the United States

and also that a reservoir of some 7,500 acre-feet would be built to impound the spring flow. With the reservoir built, the Canadian ranchers would not need to appropriate all of the water to irrigate their lands during the flood season, but could draw water throughout most of the year in regulated discharge from the reservoir.

This proposal has been given a favourable reception by the ranchers in Montana and the officials of that state. It is now being referred to the department of Agriculture for an assessment of the costs and economic advantages.

Mr. GOODE: When, Mr. Chairman, will General McNaughton be dealing with the Columbia and the Panhandle?

The WITNESS: I was going to make a brief statement on it now.

The CHAIRMAN: I think it would be the pleasure of the committee that this statement should be made right away.

Mr. STARR: There is just one observation I would like to make: I would suggest that General McNaughton make the statement which he has to make today, and, if necessary, we could take it up in more detail at the next meeting.

Mr. CRESTOHL: It will be on the record.

The WITNESS: These statements I have here, and the short statement I propose to make now with your permission are all the formal statements I had intended to make. What we have to deal with is a ramification of very extensive interests that extend from the Bay of Fundy on the east coast right across to the Pacific ocean; then we take it up again with the boundary with Alaska, and on to the north. I thought that we should try to ascertain the committee's particular interests, as we have done in the past, and to use all the time we have available in giving specific answers to specific requirements voiced by the members rather than try to cover all this vast array of questions in any detail beforehand.

Mr. Chairman, in regard to the reference to the International Joint Commission which was made by the governments of Canada and the United States on March 9, 1944, and which required comprehensive studies of the Columbia basin and its tributaries, members of this committee will know from the announcement which was made in the House of Commons on May 23, 1956 by the Minister for Northern Affairs and National Resources that an arrangement has been made by the government of Canada and the government of the United States for a full and confidential exchange of views in the expectation that these negotiations will contribute to the resolution of the problems which have developed.

May I say, Mr. Chairman, that in these circumstances it seems to me that there is very little which can properly or appropriately be said on the matters which are at issue at this stage. I would however like to say that as regards the desire of the governments, which was mentioned in Mr. LeSage's statement, that the commission should press forward with its studies in connection with the Columbia River Basin Reference of 1944, and other similar references under consideration, that these matters will of course continue to be pressed with all the resources which can be brought to bear by the commission, and the results both of the investigations and of the studies which are carried out, in or under the auspices of the Canadian section of the commission will be made available to the inter-departmental committee on water use policy to which reference has been made by the ministers and where matters are to be studied with a view to preparing the supporting documents for the diplomatic discussions with the United States which have been indicated will take place some months hence when both countries are ready.

Mr. Chairman, at this point may I mention that all the arrangements which have been placed in hand looking to a resolution of matters in which differences of opinion and views for development exist between the two sections of the commission, seem to me to give another example of the very great usefulness which attaches to the treaty of 1909. They emphasize, I think, our continuing debt to the vision and the practical foresight of those who drafted and negotiated its various clauses.

If you refer to article VIII of the treaty you will find that provision has in fact been made for this arrangement of diplomatic discussions which are now in hand because article VIII of the treaty provides in part that in case the commission is evenly divided upon any question, and the Canadian section and the United States section are evenly divided on a question of fundamental significance. It goes on to say that "the high-contracting parties, the governments, shall thereupon endeavour to agree upon an adjustment of the question or matter of difference, and if agreement is reached between them, it shall be reduced to writing in the form of a protocol and shall be communicated to the commissioners who shall take such further proceedings as may be necessary to carry out such an agreement."

In consequence I would just like to say that in so far as the Canadian section is concerned we are very happy indeed to fall in line in our subsequent actions with the views which have been expressed by the government and communicated by the government to parliament.

As I say, on the Columbia there are these matters which now have been taken into confidential review and study by the government with which we are co-operating in every way, so it makes it inappropriate for me to refer to them in evidence before this committee, or indeed anywhere else.

By Mr. Michener:

Q. Could General McNaughton indicate what the difference of opinion is and what problems the governments are now attempting to resolve?—A. I would be very glad to do that if the chairman will permit me; and I think I could best do it, since the matter is very involved, by tabling again—and I think it is very appropriate that I should be tabling again the statement which I made in the International Joint Commission on the 5th April 1955, and which represents a very careful and complete account of the proposals for the development and use for putting the Kootenay river and Columbia river waters into storage; their movement into the Fraser basin by way of a tunnel through the Monashee mountains, and their use in such basin to regulate the flows and to multiply by many times the power which thereby could be developed in the Fraser basin wholly within Canada and to the advantage of Canada.

Those proposals and certain other measures of cooperative assistance, which we felt we could give to the United States, are set out in that presentation and I would be very happy to table it again. It was printed because I reported to the Committee afterwards; but it might very well be printed and made available to the members for consideration.

The CHAIRMAN: It is the pleasure of the committee to have this statement tabled and printed?

Agreed (*See Appendix A*).

Mr. STICK: Let it be added to the minutes.

The WITNESS: May I continue please, because I do not want to lose the text; that study followed as completely as it was possible to do so, the views of the Canadian section as to what ought to be done in the Columbia, and the

advice which we have tendered. Now that is one side of the picture. When I am asked as to the other side, to answer that question I would like to have permission to table the reply which was given by the chairman of the United States section to the Canadian section and which was presented in Ottawa on the 4th October, 1955. If I may table that on the same basis, then the members of your committee will have available to them the story of the differences of view between the two sections of the commission, which the governments, acting under the responsibility and in accordance with the procedure laid down in the treaty, are now about to try to reconcile. I also take my reply of the same day.

By Mr. Crestohl:

Q. Mr. Chairman, I move that the reply be tabled as well as the other submission. (See Appendices B and C).—A. These are technical documents, I assure you; and in so far as my statement may be factual and not bearing on the things which are confidential to these negotiations, I shall be happy to give any explanation which is required; I can tell you the reason I believe in the validity of the proposals which we in the Canadian section have put forward, and I can tell you, from my point of view,—the point of view of the Canadian section—what we feel doubt about in Governor Jordan's reply to us. I think with what has been said here, if we are to have an informative discussion on these matters, it is necessary that the members of the committee be given an opportunity to see everything that is publishable, but I am entirely at your disposal within the limits of propriety.

Q. I was interested in your reference to the differences of opinion between the members of the Canadian section and the American section of the commission. You said several times that our version was generally upheld, that is, the version of the Canadian engineers; and I wondered if it was purely coincidental, or whether it disclosed a more careful and attentive study of the problems involved. It may be a difficult question for you to answer but it is one of some interest; and the second question I should like to put is this: apparently your engineers have made some study of the question of air pollution and I wonder whether they have reached any conclusion as to the effect of the use of gas for firing instead of coal, and whether it would be of material effect in the degree of air pollution.—A. In answer to your first question, I am in a position of considerable difficulty because there is a wonderful and implied compliment to these technical people, these professional people who work with the Canadian section of the commission. I am the last person in the world to decry in any way the wonderful service which has been rendered to us by these technical people who have been at our disposal from various places and sources such as private industry and elsewhere. We have had wonderful help and cooperation brought to bear on these problems of ours. I would not like it to be regarded that our American colleagues are any less careful in their approach to these matters because I think on both sides of the commission these facilities that the governments have given us—to go anywhere in the public service and on occasion to go outside the public service, and to go to any individual who has a particular talent that we need at the moment, and to bring him into our counsel to help us through these things—that is the secret of whatever success has been achieved.

Q. I am willing then to have it said that it has been purely coincidental.—A. The differences have been sharp and they should be sharp because I think that people should realize that under this treaty tremendous and far reaching responsibilities have been given to this commission. We are in fact set up as an equally constituted body to arrive at the equitable and best use of the most important resource which the two countries have along the boundary that is,

water. Out of our recommendations have got to come proposals which will divide this resource fairly for the benefit of the two countries down the years and in perpetuity. That is a tremendous responsibility. It is not to be expected that there will not be sharp differences of opinion, and it is not to be expected that you won't need on occasion to use what the drafters of the treaty foresaw—that the governments themselves will have to pick up a difficulty and go into it by diplomatic means and to tell us, on a particular point, what the answer is that they are agreed upon. We, in due course, will salute and say "That is that! That settles that point and we will get on with the rest of it." There is no other way by which these things can be ironed out.

We are going to have sharper and more acute differences but not because of any deterioration of relations between our two countries; that does not exist—but because of the increasing awareness that water is the limiting factor in the development of civilization on the North American continent itself. There is only a limited amount of water and we cannot afford to let any of it go unless it is equitably and precisely apportioned. We have got to maintain—our section has got to maintain the claims of this country and to do the best we can with them always and in all fairness.

Q. Will you deal with my second question now or at a later time?—A. You mean on air pollution?

The CHAIRMAN: Could that question be reserved for our last meeting?

Mr. CRESTOHL: That will be quite all right.

The CHAIRMAN: Before we leave, I would like to say to General McNaughton on behalf of the members of the committee, that I take great pleasure in thanking him for his most interesting statement. Before we adjourn Mr. Starr would like to make a correction in the minutes of one of our meetings.

Mr. STARR: At page 110 of the report of the minutes of proceedings of the External Affairs Committee for Tuesday, April 24, 1956 at line 47 the word "conciliation" should read "cancellation".

The CHAIRMAN: I took note of it when you told me.

"APPENDIX A"

INTERNATIONAL JOINT COMMISSION

Semi-Annual Meeting

Washington, D.C.

5 April, 1955

Columbia River Reference (1944)

The International Joint Commission met in open session in its offices in the Federal Trade Commission Building, Washington, D.C., on Tuesday, 5 April, 1955, at ten o'clock a.m., there being present Mr. Len Jordan, General A. G. L. McNaughton, Mr. Roger B. McWhorter, Mr. George Spence, Mr. Eugene W. Weber and Mr. J. Lucien Dansereau, Mr. Jordan presiding.

There were also present:

William R. Vallance, Counsel for the United States Government.

Mr. George Vest, Associate Counsel for United States Government.

Mr. Ernest A. Cote, Counsel for Government of Canada.

Mr. O. W. Dier, Department of External Affairs (Canada).

Brigadier General E. C. Itschner, for Major General B. L. Robinson, Chairman, United States Section, International Columbia River Engineering Board.

Mr. C. G. Paulsen, Member, United States Section, International Columbia River Engineering Board.

Mr. J. W. Roche, Corps of Engineers, United States Army.

Mr. A. O. Waananen, Geological Survey, U.S. Department of the Interior.

Mr. T. M. Patterson, Chairman, Canadian Section, International Columbia River Engineering Board.

Brigadier J. P. Carriere, Member, Canadian Section, International Columbia River Engineering Board.

Mr. C. K. Hurst, Department of Northern Affairs and National Resources (Canada).

Mr. J. L. MacCallum, Legal Adviser, Canadian Section, IJC.

Mr. E. R. Peterson, Engineering Adviser, Canadian Section, IJC.

Mr. Jesse B. Ellis, Secretary, United States Section.

Miss E. M. Sutherland, Secretary, Canadian Section, International Joint Commission, and

Mr. D. G. Chance, Assistant Secretary, Canadian Section, International Joint Commission.

INTERNATIONAL JOINT COMMISSION

Record of discussion on Columbia Reference (9 March, 1944) at semi-annual session of the International Joint Commission in Washington on 5 April, 1955.

(Docket 51)

Mr. JORDAN: May we come to order, gentlemen, for this, the April meeting of the International Joint Commission.

The first item on the agenda has to do with Docket 51, the Columbia River Reference. We shall now have the semi-annual report of the International Columbia River Engineering Board, with General Itschner presenting the report for Major General B. L. Robinson, who was not able to attend this morning. General Itschner.

STATEMENT OF E. C. ITSCHNER,
BRIGADIER GENERAL, CORPS OF ENGINEERS,
UNITED STATES ARMY

General ITSCHNER: Mr. Chairman, General Robinson expressed his regrets that he was unable to be here today because of required attendance on a very important Army Selection Board.

I shall read to you the highlights of the Semi-Annual Progress Report for the period 1 April to 31 March 1955, of the Columbia River Engineering Board. (At this point General Itschner read the Progress Report.)

General ITSCHNER: Mr. Chairman, that concludes the report of the Engineering Committee.

Mr. JORDAN: Mr. Patterson, do you have anything to add to the report made by General Itschner?

Mr. PATTERSON: No, Mr. Chairman. General Itschner has presented the Board's Report, and unless there are questions arising out of that report, I don't have anything further on that subject.

Mr. JORDAN: We are ready, then, for questions to either of these gentlemen, or discussion.

General ITSCHNER: I might add two items of interest that are not included in this report.

Mr. JORDAN: Yes.

General ITSCHNER: Two items with respect to the activity of the United States. The first pertains to the Middle Snake Report, which is a joint report by the Corps of Engineers and the Bureau of Reclamation on projects in the Lower Snake—I should say Middle Snake River Basin, including the Clearwater. We expect to submit that report very soon to the Congress of the United States, recommending, in all probability, four projects, two on the Clearwater and two on the Middle Snake.

The two on the Clearwater are recommended by the Corps of Engineers, one called Bruces Eddy, and the other Penny Cliffs, both with substantial storage in them, and particularly valuable for flood control as well as storage for power development.

The other two are essentially run-of-the-river projects on the Middle Snake which are Bureau of Reclamation projects, namely, Mountain Sheep and Pleasant Valley. This is not to be confused with the high head project of Mountain Sheep which has been recommended in the past by the Corps of Engineers.

The second development is on the John Day Dam, which is the dam between McNary upstream, and The Dalles downstream.

The Corps of Engineers has in the budget request a half million dollars with which to initiate definite planning on this project in the next fiscal year. Money has not yet been appropriated.

Also, there has been a great deal of interest demonstrated in the John Day project by private power companies who had proposed the construction of this project on a partnership basis with the Corps of Engineers doing the construction, so that whatever planning would be done by the Corps of Engineers prior to the confirmation of this agreement would be of value in the ultimate construction of this project and would not delay the construction.

That partnership arrangement has not yet been completed nor agreed to by the United States Government, nor has any act been introduced, to our knowledge, so far in this session of Congress.

That gives you a little further report on the very recent developments on the river.

Mr. JORDAN: Thank you, General Itschner.
Commissioner Weber.

Mr. WEBER: It is my understanding that we are to have some further explanation or presentation as to the status of the work in Canada.

Is that correct, General?

General McNAUGHTON: I would be very glad to do that, if you wish.

Mr. WEBER: I didn't want to ask questions now if that was coming, because most of the questions which I have are on that work.

Mr. JORDAN: General McNaughton, perhaps this would be a good time for you to make your statement, if you like, and then we might go back to discussion or questions, if there is interest in pursuing it further.

General McNAUGHTON: I will be very happy to do so, Mr. Chairman.

Mr. Chairman, in responding to the suggestion that I speak to you about the Canadian plans for the development on the Columbia and in the adjacent basins, I am under a particular difficulty at this time. The reason is that I am in the course of appearing before a committee of the House of Commons and giving evidence on this subject, and shortly I will be recalled to give more evidence.

The questions which are under debate are very live issues throughout the whole length and breadth of Canada. And, in order that my position before the House of Commons committee may be clear, it will be necessary and proper that I fully inform the committee and the Government of Canada of any discussions here which are relevant to the inquiry in which I may have participated in the meanwhile.

In consequence of that, Mr. Chairman, the proceedings of this committee today, if I am to speak, will have to be regarded as an open document, because I cannot hold back anything, you can well understand, from a committee of the House of Commons.

I would like to say, Mr. Chairman, that I have read the remarks which you made at the Bermuda meeting of the International Committee of the Canadian-United States Chambers of Commerce in March, on the subject of the United States-Canadian water resources, with very great interest, indeed.

I may say I find myself in substantial agreement with much of what you had to say in many parts of your presentation, particularly the parts dealing with boundary waters.

However, there are other parts of your address in which I find we hold differing views. It so happens that these differing views are mostly concerned with the subject matter which you have placed on the agenda for discussion and consideration today.

And in this, I refer specifically to the Columbia Basin, where the rivers which are of international interest and concern as between Canada and the United States are those which cross, and in some cases recross and cross again, the international boundary, which in those regions comprises the 49th parallel of latitude.

I felt that you should know this: That is, that I am not entirely in agreement with your treatment of Article II cases, so that no assumption on the basis of your argument should be made. But, otherwise, other than making this statement, I do not intend to deal with our differing views at this time.

There is, Mr. Chairman, one remark of yours, however, which I would like to comment on at this time, and that occurs on page 16 of the copy of the script of your address, which you were good enough to send me.

The suggestion is that:

Where a resource development potential in Canada would be given up for a long period, or in perpetuity, account should be taken of the present value of such resources in terms of some acceptable medium of exchange.

You then go on to indicate that this recompense might be in electric energy.

May I say, sir, that this was at least in part the position for which the Canadian Section of the Commission had contended. And, I want to assure you that we will be very happy indeed to reopen with you the exploration of this aspect of the matter at any time you wish.

We will, of course, wish to discuss also the alternative approach in which we place a value on water in regulated flow proportional to the potential energy which it contains.

I do not know that we would want to take this matter up in relation to Docket 69, the new United States application on Libby, as you seem to imply, because, as you know, the Government of Canada have said that decision on Libby must await the conclusion which Canada may reach as regards the diversion of part of the flow of the Kootenay River.

What I suggest is a discussion which might lead to the formulation of principles of general application in the Columbia Basin which we might make use of in some of the projects for joint study, which I hope to put before you a little later this morning.

However, as I say, all these questions of the evaluation of downstream benefits of storage we will be happy to discuss with you, I repeat, in relation to the establishment of general principles to govern projects on which we may agree that we should be associated.

Now, Mr. Chairman, you may be quite sure we will put our case in such a discussion with all the logic and the vigor we can bring to bear, and we hope that you will, naturally, do the same.

Now, I have agreed, in accordance with the wish you expressed at our first meeting when I called on you here in your lovely new offices on my passage back to Canada from a meeting of the Canada-U.S. Permanent Joint Board on Defence in the Caribbean and the Panama Canal Zone, and you told me—and I agreed—that I should give at the first appropriate opportunity an account of the plans being evolved by Canada for the utilization of the vast resources of water in the Canadian portion of the Columbia Basin and the adjacent watersheds.

I am prepared to outline these plans before this Commission as a matter of information to indicate the progress which has been made, the magnificent possibilities which have been disclosed, and the expectations which we are coming to hold as to the immensely important beneficial economic consequences for Canada which will result.

I say for Canada, by which I mean primarily British Columbia. But I do not overlook the possibilities which are becoming evident for cooperative arrangements between Canada and the United States for the exploitation and use of certain portions of these waters which we may find it advantageous to permit to continue to flow from Canada across the boundary.

Accordingly, as part of my presentation, after I have given an outline of the general plans which are evolving for the use in Canada of the various heads and flows in and from the Columbia Basin, I will indicate those sections of the Columbia and the Kootenay where, I think, you may be interested in discussions for joint beneficial use of the particular waters in question.

I will now, Mr. Chairman, give you a brief account of the plans which are evolving for the development of these Canadian resources in water in the Columbia Basin and the adjacent watersheds.

And in this connection I propose to give you the same information which I have already given to the House of Commons Standing Committee on External Affairs, except that, in addition, I will indicate to you the projects which we in the Canadian Section feel might become the subject of the cooperative developments to which I have referred.

I hope to cover this aspect of the matter with the House of Commons Committee on a subsequent appearance, of which I have received an intimation will be in the last week of the current month.

I wish to emphasize again that at this stage these matters are evolving, and that no decisions have as yet been taken, and that when the time comes it will be the Government of Canada which will make the decisions in question, which relate to the development and operation of projects within Canada.

I want to make it clear, also, that in all our plans, with every consideration of cooperation between nations and regard for law and custom and equity, we should be, and we are being, very careful to respect the rights which are fundamental to the Treaty of 1909, by which both the United States and Canada are bound.

And, happily I believe, we are indeed in the very fortunate position that under the strict interpretation of the law and the Treaty, we will be able to conserve our rights to the use of the greater part of the water resources of the Canadian Section, or rising in the Canadian Section, as we wish.

I am sure you will recognize that no lawful step which is appropriate to the protection of these rights will be overlooked, and I have no doubt, Mr. Chairman, that in like circumstances you will continue to follow a similar course.

Mr. Chairman, there is no need, I think in this group, for me to devote any time to a description of the topography of the Columbia Basin, either in Canada or the United States.

For convenience of reference, I have listed the existing and planned hydro-electric power developments on the Columbia and its tributaries, north of the Snake in Table 1, which you already have, in the proceedings of the House of Commons Committee on External Affairs.

I will ask Mr. Chance for some extra copies of those tables.

Would you distribute those you have around the room for convenience of reference?

While that is being done, would Mr. Peterson put the maps that we have out where they can be seen, and also the profile of the Columbia and the Fraser River Basins.

Mr. MacCallum, what date did the House publish those appendices?

Mr. MACCALLUM: That was the first day of your appearance.

General McNAUGHTON: It appears in Minutes of Proceedings and Evidence, No. 1, for Tuesday, March 1st, and Wednesday, March 9. And the tables to which I refer appear as Table 1 on page 67, running through in sequence.

Table 1 is merely there for reference, because it pertains wholly to existing and planned hydroelectric power plants on the Columbia and its tributaries in the United States north of the Snake.

The situation in regard to storage in this area is given in Table II.

In Table III, I have listed the possible dams, storages and power plants in Canada, and disclosed the investigations being carried out by the Department of Northern Affairs and National Resources at the instance of the Canadian Section, IJC. There will be, no doubt, some alteration and adjustment in certain of these projects as further information, particularly as regards foundation conditions, becomes available.

The map shows in plan the course of the principle rivers and their tributaries in the Upper Columbia and the adjacent Basins. And to complete this information, the profile shows the height of the surface of the water—

Mr. McWHORTER: Is that the same profile that appears in Mr. Warren's report?

General McNAUGHTON: No; this is redrawn.

Along the Columbia, and also along the South Thompson and Thompson Rivers to its junction with the Fraser, at which point there is still some 450 feet of head available to the sea. The headwaters of the Eagle River, a tributary of Shuswap Lake, are only some seven miles from the Columbia at Revelstoke.

And it has been shown by our field investigations that water from the Columbia may be diverted by this route into the Fraser Basin. I will have more to say about that later. The profile also shows the various sites which have been located at which available heads may be concentrated and developed for power and for the storage of water. The hydrograph at the top gives the mean annual flows which are naturally occurring and as they would be modified by the diversions we have in contemplation.

The hydrographs, copies of which I hand to the Chairman, show the mean monthly flows at a few selected representative points along the rivers where gauging stations have been established and have been in operation for some time.

Figures for the years of highest flow and the lowest flows on record are included, and also on separate graphs we show the mean annual discharge for each year of our record to illustrate the wide variation in flow which occurs from year to year, as well as from one month to another.

And, I want to emphasize that this fact makes the provision of storage, both annual and cyclic, an essential factor of primary importance in any comprehensive scheme for the development of a river basin, such as the Columbia or the Kootenay, to which the water supply is essentially of an ice-belt character.

Without storage, the capacity of the power equipment to be installed would be limited by considerations of economic to little more than the minimum flows. This would mean high unit costs and the waste of most of the high flows.

Fortunately, as I have already mentioned, in this Commission, we have reasonably adequate storage possibilities in sight. The question is to insure that what we will have is used in such a way that Canada will obtain the best result.

In the topographical information which I have presented, it is important to take note of the various alternative ways in which the flows of the various rivers of the Columbia Basin may be used. For convenience, I have divided these into the three principal cases, each with a number of variants.

In the first case, there may be no diversion from one tributary to another, under which condition the Kootenay will continue to flow in the wide loop through Montana and Idaho, dropping some 570 feet enroute, and forming a basis for the large United States projects at Libby and Katka, which have been suggested by U.S. interests.

In this case, the large storage at Libby would be of material benefit to flood protection in the Idaho Flats, and of some advantage also—but much smaller—to the similar rich agricultural lands in the Creston Flats in British Columbia.

The regulated flows from Libby would confer large benefits on United States downstream plants and will be also of some advantage to the existing Canadian plants on the west arm of the Kootenay.

However, to convert this theoretical possibility to real benefits of substantial value to Canada, the section of the river from Kootenay Lake to the Columbia would need to be redeveloped, which would be a very costly undertaking, unnecessary at this time, because the plants there have been well-maintained, and the equipment, though old, continues to produce energy usefully.

The plant efficiency of generation is not of very great importance, because the flows of the river normally far exceed the capacity of the turbines.

Under this condition of no diversion, the Columbia waters would continue to flow into the Grand Coulee Dam unaltered in quantity, but when Mica and Murphy Creek are built, those flows would be regulated to the extent—I told the House of Commons—of 10.5 million acre feet. This figure is now 11.8 million acre feet, because of revised topographic information, and of something more than 4 million acre feet for Murphy Creek, a service which is worth more than 14 billion kilowatt hours annually to the United States in terms of on-peak power to meet demands which otherwise could not be satisfied except by thermal generated power costing upwards of 6 mills per kilowatt hour.

In the second case, there would be no turbines or generators installed at the Bull River Dam. And the waters of the Upper Kootenay, to the extent of some 5,000 cubic feet per second of mean annual flow, would be impounded in the Bull River-Luxor Reservoir.

This reservoir as presently planned has a capacity of 3.4 million acre feet. It would feed down the Columbia through power plants at Luxor, Donald Canyon, Mica, Priest Rapids, and the Little Dalles, and thence to the Arrow Lakes and the Murphy Creek power plants, and across the boundary into the Grand Coulee Reservoir.

And, as far as the United States is concerned, the volume of water reaching Grand Coulee Reservoir in this case is unaltered by this diversion of the Coulee. But there would be, of course, a considerable loss of power potential to the Kootenay in Montana and Idaho, represented by the mean flow of 5,000 cubic feet per second annually through 570 feet of head, of which 232 feet might have been developed at Libby and 263 feet at Katka, according to the U.S. Army Engineers 308 Report.

To the head mentioned at Libby would be added, any flooding at the boundary permitted by Canada up to 150 feet, which would flood to the tail waters of the Bull River Dam, or the lesser amount of some 37 feet flooding to the tail waters of the Dorr.

The total amount of stored water in the Columbia Basin above the U.S. boundary would not be materially altered in this case 2 plan.

A variant of this case would be the construction of the dam at the Dorr site, to impound the flows of the Bull River and the Elk and other adjacent tributaries of the Kootenay, amounting to about 3,000 cubic feet per second of annual mean flows.

Those waters, in this variant, would fill the pool above the Dorr, backing up against the Bull River Dam. And the Bull River Dam would be equipped with pumps to raise the water some 220 feet into the Bull River-Luxor Reservoir, where it would be at elevation 2710 above sea level, and usable through the Canadian plants down the Columbia to the boundary, or preferably, in case 3, by way of the diversion into the Fraser Basin.

In this latter case there would come about a multiplication of the energy to be generated in relation to that used in pumping in a ratio of something more than ten to one.

In my third case, a tunnel—or it may be two smaller tunnels—about the size of those recently built by the Ontario Hydro at Niagara, could connect the Little Dalles pool, which you can see on the profile, with Summit Lake at the headwaters of the Eagle River.

This tunnel or tunnels would provide capacity to divert the stored floodwaters in the Luxor-Bull River and Mica reservoirs to the amount of up to some 15 million acre feet annually at the time required for the regulation of the Fraser system.

I would invite attention to the typical hydrographs of the Fraser River system, showing the type of regulation which could be obtained by flows from 15 million acre feet annually, and also another line showing the flow which can be got with a lesser storage of some ten million acre feet.

In passing to the Fraser, these waters would first be used in the Mica power plant and the Priest Rapids power plant. The diverted flows would not pass through the Dalles power plant.

Under this proposal, the energy conserved by the storage of 15 million acre feet in the Mica and Bull River-Luxor River reservoirs would all be generated in Canada, and a considerable part in the Fraser River system in close proximity to the very large markets which are developing in the estuary of that river.

And this is very important by reason of its use for regulation the flows diverted from the Columbia making possible the development and use also of the normal flows of the Fraser River itself. This is a very desirable condition, representing the further addition of a large amount of power which otherwise it is unlikely could be developed at all, because of the fact that we are giving primary consideration to the Fraser as a river for the propagation of salmon and that as matters stand it is not possible to make use of the great lakes of the Fraser system to store the water by reason of the interference, which that would cause to the salmon spawning and the growth of the young fish.

For simplicity, Mr. Chairman, I have described these three possible cases in general terms only.

For detail, I propose to invite your scrutiny of the tables, which show the benefits which may be realized and their allocation in some detail.

I would like to say that for simplicity I have based the figures on mean annual flows and in the actual result the energy to be produced may be somewhat more or less, depending on water conditions existing in any particular year.

First, I would like to invite attention to Table IV, which is a comparison of the U.S. proposal at Libby and the Canadian project at Mica.

The figures both of costs and benefits given are the final estimates of the United States Engineers for Libby, and of the Canadian consulting engineers from Mica, both of which, I understand, have been checked and counter-checked to the point that we believe in both cases the figures given are thoroughly reliable.

I would ask you to note that the cost given for Mica is now \$247 million, with 1,100,000 kilowatts installed. This compares with the provisional estimate I gave to this Commission last year of \$425 million. The reduction follows a fundamental change in design from a concrete gravity structure to a rock-filled structure with underground power house.

The figure of \$425 million was a provisional figure only; it was based on the very meager engineering information which was then available, and it contained many factors of safety which had been introduced at all levels, including my own, as assurance against any undue optimism.

In case 2, that is, the diversion of 5,000 cubic feet per second from the Kootenay, mean annual flow, we would add 220,000 kilowatts to the installed capacity at Mica, and 130,000 at Priest Rapids, and 70,000 at the Little Dalles, and more proportionately in the ratio of 8 to 5 at each site if this flow is increased by the pumping from the Dorr pool.

And these variants also, as you will appreciate, increase the benefit in the Fraser.

My Table V gives a comparison of possibilities at Libby and Katka with permitted flooding into Libby at the east crossing of 150 feet, as is contemplated in your application, and of the 37 feet I mentioned previously this morning as being the elevation which would flood up to the foot of the Dorr Dam, and then in the later case the mean flow of the Kootenay being reduced by 5,000 cubic feet a second, diverted at Canal Flats.

This proposal leaves the flow of the Bull and the Elk to go through a power plant at the Dorr.

I will have more to say later regarding this 37-foot figure of flooding at the boundary.

Now, Table VI you will find of great interest, because it shows in cryptic form the effect of a diversion of the 5,000 cubic feet per second regulated flow from the Kootenay to the Columbia and the Thompson and the Fraser Rivers.

These figures are based, of course, on the eventual, that is, on the assumption of full development at each site mentioned so that the diverted water would be fully used. Except that, as you will see in Note 3, since our site investigations on the Thompson and Fraser, are only partially complete, we have based this estimate on a utilization of only about three-quarters of the fall.

That is again to be sure that in claiming benefits in these rivers we are doing it on a conservative basis.

Now, to summarize, I have endeavored, Mr. Chairman, to give you a brief outline of the three cases we have under study, in each of which there are a number of variants. I repeat, Case 1 is no diversion either from the Columbia or the Kootenay.

Case 2 is a diversion of the Upper Kootenay to the Columbia, and the use of these waters in the Columbia in Canada and then in the United States and

Case 3 is the diversion of the Upper Columbia into the Fraser. And this diversion includes the waters of the Upper Kootenay as diverted to the Columbia in Case 2.

I have mentioned that we feel that in proposing these diversions we contravene no provision of the Treaty of 1909, or necessarily impair any interest in the United States which has been legally acquired under that Treaty.

In our studies in the Canadian Section, International Joint Commission, of this aspect of the matter, it has become evident that under the conditions which would exist, the point of maximum use of the water from Canada in the United States would be at the Grand Coulee Dam.

Here also the rights of the United States seem to us to be more explicit than anywhere else. And the reason for this is the International Joint Commission Order of 1941, under authority of which the United States is permitted to flood up to the boundary with certain backwater effects running to Canada.

Mr. Chairman, I now refer to Table VII, which gives, so far as the information available to the Canadian Section, IJC, is concerned, our understanding of the present and prospective demand for water at Grand Coulee.

Now, I use the term "demand", because we do not yet know how much of the flows mentioned would constitute lawful appropriations and priorities, interference with which might constitute an injury under the provisions of Article II of the Treaty of 1909, which would be recognized as such by the Court of competent jurisdiction, which, in this case, is the Exchequer Court of Canada.

And I would like to say, Mr. Chairman, that if you have any ideas on this subject, we would be glad to learn your views, which will be given very careful consideration, and we will consult the law officers of the Crown thereon.

The hydrographs are for a year of medium flow—I have taken 1947-1949—and for the worst year of record, 1943-44, which are included in the exhibits which are displayed.

And that is for the supply going into Grand Coulee. On these hydrographs is shown the line for 85,000 cubic feet per second, which, I understand, is the water requirement of the existing turbines at Grand Coulee at full gate. Assuming full load, the period when the flow exceeded this amount is the period when storage at Grand Coulee can be carried out.

It may be, of course, carried out at lower flows if the load is not full, but I have taken the worst case. This is substantially the same period as that in which we would propose to store flood water in the Bull River, and Luxor-Mica Rivers reservoirs for transfer to the Fraser Basin.

And I want to make it very clear at this stage that it is a matter of prime necessity that we should so arrange the use of our stored water elsewhere so as to give the utmost protection to this use of these waters which, by reason of the high altitude of the reservoirs, have a very large potential energy.

And this, of course, is of most particular importance in years when the flows of all the rivers of the basin are low, because these are the only years in which there is any difficulty whatever in filling the Grand Coulee Reservoir and discharging all these other requirements which I have listed under the designation "demand".

If you will look again at Table VII, you will observe that in a median flow year, that is, 1947-1948, the flow into Grand Coulee in the storage period is 47,700,000 acre feet. And it is not restricted to the storage period.

The total demand in this period, present and prospective, is stated as 31,600,000, which leaves 16,100,000 acre feet, which is somewhat more than sufficient to provide for all demands, including the 15 million acre feet we plan to divert from the basin to the Fraser.

Please note that the margin is narrow, and may easily be reduced to zero and below by any further commitment for the delivery of water which may be given to or otherwise acquired by the United States.

And, if such additional commitment arises out of making some of our rather restricted facilities for storage available to the United States on contract—and I am referring to Castlegar and the Kaiser project, or such as is proposed for below Arrow Lake—then the adverse effect on our position is doubled, and this for the reason that not only is our continuing obligation in acre feet of water increased by the amount of the contract, but also because by the contract we give away a like amount of the storage capacity which otherwise we might hold full as cyclic storage to meet our liability, if we have any, in a low water year, and incidentally keeping up the head at Murphy Creek so that our power plant there can operate continuously at full capacity nine years out of ten probably.

Again, in Table VII, the column for 1943-44 illustrates the very serious position in which we would be, in a low water year, even without that extra commitment of 3 million acre feet which has been suggested at Castlegar.

Fortunately—I speak frankly in reference to this table—I do not believe that the United States will be able to prove that all of the demands I have indicated could be classed as prior appropriations properly.

While I cannot be specific at this time, I have reason to believe that some additional storage capacity will be proved up which, if used on a cyclic basis, I hope will balance the deficiency shown.

You will note, Mr. Chairman, that I put the position before you with the utmost frankness, neither seeking to conceal the narrowness of the margins, nor to indicate that we will concede and advantage to you other than that which is strictly comprehended by the term “legal”.

And, perhaps, I should now give some indication of the real values attaching to storage capacity, and I venture to ask that my remarks be read in parallel lines with the statements which you made at the Bermuda meeting, because it is very clear that our views on this highly significant and important matter are presently at some variance.

Mr. Chairman, I would like to say what I think, and I know I would appreciate an opportunity to sit down along with you, sir, and go over the rather dogmatic positions on these matters which have now been taken on either side. And before going any further with their discussion from, shall I say, embattled positions, it might be wise if you and I might apply.

Mr. JORDAN: At your pleasure.

General McNAUGHTON: I want to take the case for the purpose of this illustration of a reservoir with one million acre feet from which the water will flow through a developed head of 1,000 feet. And I will assume an over-all efficiency in the utilization of the water in turbines and generators and ancillary facilities to the plant bus bars of 85 per cent which is moderate with modern machinery.

One acre foot of water dropped through one foot releases 1.02 kilowatt hours of energy. And this is taken up 85 per cent in the electric output. And the remaining 15 per cent in water wastage and in friction losses in the flows in the channels and in the turbines.

And, in consequence, one million acre feet through a thousand feet will give one million times one thousand times 1.02, times 85 over 100, which—I ask you to accept my arithmetic—gives .87 billion kilowatt hours of electrical energy.

Under the conditions in which such a storage—and I am talking now of cyclic storage—would be released, the power systems downstream would otherwise, because of low flow, have idle turbines and generators and transformers, et cetera—every plant in the sequence downstream would be affected.

And I note from what you have told us in the Columbia Report that these installed capacities in the next few years are multiplying, and every time a new plant comes on the line without adequate storage being behind it, it multiplies the value of upstream storage without which transmission lines, distribution systems, etc., are only partially loaded, where as the whole administrative set-up in personnel, in the field, in your engineering office and accounting sections, et cetera, and the like would have to be present and drawing wages, but they are only working at part capacity.

As for the markets at such a time of blackouts and brownouts, everyone would be crying for power to keep the wheels of industry turning, whatever the cost.

Now, if this stored water is not available, and arranged to be available in advance, the only other relief is steam. And it seems, therefore, that if such by the condition, the real value of the electrical energy derived from stored water is the same as what it would have cost to have produced it by the only alternative method, steam.

And I am particularly reinforced in the validity of the observation I have just made by the recent experience that we have had in the Commission itself.

You will recall that in our Montreal meeting, as part of the general consideration of the levels that we should advocate for the regulation of Lake Ontario, we received from the Hydro-Electric Power Commission, with the full support, I understand, of the New York State Power Authority, a brief putting forward their side of the matter in which they took the view that we should keep the lake levels up to some figure that they claimed they had a right to.

And they put before us a statement that if we took them down below that figure we would have to see to it that they were compensated for the loss in power.

And when we came to analyse the basis which had been used by the two power entities, we found that the comparison was made against the cost of steam.

We did not have to deal with that matter in the commission. We did not have to go to that detail, as you will recall, Mr. Jordan, because we did not accept the premise on which it was made, but I only instance that to show that in the study of alternative methods of development by engineers and economists what needs to be taken into account in relation to hydro, is the alternative cost of steam.

Eventually it will be the alternative cost of atomic energy, but not for some time.

In your Northwest States, the cost of steam—and I have here the benefit of a most admirable book entitled "The Energy Base of the Northwest States", which has recently been produced—a most admirable book—which is very thorough, very frank, very informative—and the cost of steam has been put at 5.5 to 6 mills per kilowatt hour for new thermal plants operating most of the time on base load and rising to 8 mills for short-term generation on peak.

Those figures are similar to the ones we have in Canada with which we are very familiar. If anything, they are a bit cheaper than what we can get elsewhere.

I see Mr. Dupuis nodding his head, because we have very heavy transportation charges to apply to our fuel, whereas in the Northwest States, nearly all of these great new power plants are being planned to be put on the seaboard, and coal or oil is being brought in at very low transportation charges.

If water is short, as I have mentioned, the corresponding equipment in the form of turbines and generators and switchboards and transformers and transmission lines and distribution circuits and the like will be idle and this represents no saving because in a hydroelectric plant nearly all of the cost is fixed charges and, in consequence, the value of electrical energy generated on peak by the provision of stored water is the cost of the alternative method of production, that is, steam, and without any deduction.

At a cost of, say, 7 mills per kilowatt hour for .87 billion kilowatt hours on peak electrical energy, this energy is worth 6.1 million dollars annually, which is what it would cost the power companies to replace it.

However, to this Commission particularly, Mr. Chairman, I would like to say that since a good bargain requires that both parties should benefit substantially, it is not to be expected, and we certainly do not expect, that the upstream state will receive the full value in cash or the equivalent.

In all cases where we work together equitably it requires a division of benefits. And so the amount to be paid in cash or in power will be somewhere between the value on the one hand and the cost of the storage and its operation on the other.

And the exact division cannot, I think, be a matter of rule, but must be the result of a bargain struck in each instance and I have assumed this in all of the debate which has taken place on this question of the value of downstream benefit.

No member of the Canadian Section of the International Joint Commission has attempted to prescribe just where that division will run.

What I do emphasize is that the value of cyclic storage to be taken into account is that of on peak generation by steam and not the much less figure the value of base load hydroelectric energy. On peak energy is worth seven to ten mills per KWH.

While in the Columbia Basin—I see from your report you are going to continue the charge for base load at \$17.50 per horsepower year, which is about 2.1 mills per KWH.

Somewhat similar considerations apply to annual storage but I think in this case the values are subject to some modification by reason that when large amounts of storage become available there may on occasion be more than is needed in years of high or medium flow.

For example, there may be more than sufficient to care for the load peaks, and the balance must be evaluated in relation to increase in base loads as these develop.

I understand from your Bermuda paper that you have put forward a somewhat similar point of view.

I now come, Mr. Chairman, to the part of my remarks which may prove to be of the greatest interest to you. I refer to the suggestions which I have undertaken to make as regards particular projects and arrangements which might be taken under consideration by this Commission with a view to recommendations being made thereon in the report we are under instruction to make covering the Columbia Basin.

Depending on the scheduled development of the Fraser River and the time of construction of the Mica Dam, it may be possible, of course for due and proper recompense, to provide for a limited time regulated flow for use of the plants in the United States portions of the Columbia River Basin. This would

fill in the period in which a heavy power deficiency in the United States is forecast, and give the Pacific Northwest a breathing spell to develop alternative storage and power supplies.

The effect of adding, say, ten million acre feet in round numbers to the low water flow of the Columbia would be an increase of some seven and one-half billion kilowatt hours annually on peak at plants existing at present and now under construction. And if this water is still available when all of the proposed plants on the Columbia and the United States are built, a total of over ten billion kilowatt hours will be the annual increment in power due to this storage.

May I emphasize that in the use of this storage the capacity of channels through which the regulated flows will go are such that all of this immense contribution can be given during the period of peak loads.

A dam built at Murphy Creek might provide storage of from four or so million acre feet, depending on the head selected. This storage used to increase minimum flows would increase the annual average energy output downstream in plants at present existing and now under construction in the United States by three or more billion kilowatt hours annually, depending on the size of the storage available, which we do not yet know.

With the ultimate development in the United States, this figure might be from four or more billion kilowatt hours per annum.

This project is at present under intensive investigation, and it is expected that the possibilities will be known definitely, Mr. Patterson, within the year?

Mr. PATTERSON: That is correct, sir.

General McNAUGHTON: However, it should be noted that if 15 million acre feet of water is stored above Arrow Lakes in years of minimum supply there will be no surplus water to be stored in the reservoir on Arrow Lakes. The Arrow Lakes storage would therefore be cyclical, that is, if used it might not be fully replaced for several years.

In this connection I have already mentioned, and I have emphasized the importance that we attach to preserving absolute priority for Canada in the flows from the high altitude Mica and Luxor-Bull River reservoirs.

Any dam constructed at Murphy Creek with the head exceeding about 35 feet would create a backwater effect at Brilliant, the lowest plant on the Kootenay.

However, the maximum water usage at this point on the Kootenay is 13,500 cubic feet per second, which is very small indeed in comparison to the flow of the Columbia, with the Kootenay added, which would be available for use at Murphy Creek.

The backwater effect at Brilliant would merely represent a transfer of generated power from the one site to the other at times when Arrow Lakes Reservoir was high. Otherwise, there would not be any interference.

We make this next suggestion with some diffidence and we only make it because we have found in our study of the early engineering reports on the Columbia that you had originally contemplated the Grand Coulee Dam being 42 feet higher than it is at the present moment.

We do not pretend to know what degree of practicality we should assign to it.

The effect of raising Grand Coulee Dam to permit an increase in pool elevation from 1288 to 1330 would be to increase the average operating head from 328 feet to about 370 feet. It would also increase the storage—note I used the word “storage”—I have not said “annual” or “cyclic”—by about 3,300,000 acre feet.

This additional storage could not be filled in a year of low flow if upstream storage at Mica and Bull River-Luxor were to be filled.

In an average year there is, including water flowing directly into Roosevelt Reservoir, approximately 19 million acre feet of presently unused floodwater available to be stored above Grand Coulee Dam.

If commitments of 15 million at Mica and above are to be fulfilled then with the present Grand Coulee demand of five million acre feet for filling and a million acre feet for irrigation, only about four million acre feet of water is surplus and can be used at Arrow Lakes and for the proposed increase at Grand Coulee.

It seems to us possible that the most useful result from permitting flooding at the boundary by an increase in height of grand Coulee by 42 feet might follow from treating the additional storage as cyclic, and under normal conditions operating the existing generating equipment at a head some 42 feet higher on average than is presently the case.

It would seem that possibly with some reconstruction—and we have already done similar things in our plants—of the generators this might add about 12 per cent, or a total of about 230,000 kilowatts to the output. And in years of extreme low flow when you want to cut in on cyclic storage, particularly when you will have these immense additions to the plants downstream of which you have spoken to us, the extra draw-down available would, we think, be very helpful, indeed.

Raising Grand Coulee Dam would create a backwater against the Waneta plant on the Pend d'Oreille River. The amount of backwater would reach a maximum of 30 feet for a period of about six months. That is, if—the storage were used for annual purposes.

If it were used cyclically, the backwater would be continuous.

Power production at Waneta from a completed development of four units would, therefore, be reduced by an amount of some 58,000 kilowatts, and provision to compensate Cominco for this loss of power would need to be made in an agreement.

Now, coming to the other end of the Kootenay, where it flows into Canada at the east crossing, if Canada develops the Dorr site on the Kootenay River, the possible development at Libby would, of course, be reduced.

The top pool elevation of Libby would be about 2346, a reduction of 113 feet from the planned forebay elevation of 2459. The storage behind the Libby Dam then would be reduced by possibly 3,700,000 acre feet.

Total storage in the Libby Reservoir would, with water surface elevation at 2346, be about 2,200,000 acre feet, of which about 100,000 acre feet would be in Canada. And it should be noted that if Mica and Bull River-Luxor reservoirs are built, in a dry year there will not be sufficient unappropriated water available to fill the storage reservoir at Libby as well as Grand Coulee and Mica and the Reservoir above Bull River.

However, when water is available the head at normal full pool would be 232 feet, and with a draw-down of 50 per cent, which I understand is the figure you are using in the new Libby application the usable storage would be approximately 1,700,000 acre feet. If you go back to the more usual draw-down of 35 per cent, the usable storage would be cut, to 1,200,000 acre feet.

I mention that the storage which would be added, due to a flooding of 37 feet at the boundary would be about 800,000 acre feet, which is no mean amount.

Now, additional storage on the Kootenay of 375,000 acre feet might be made available on Kootenay Lake, and of about one million acre feet might be provided by storage on Duncan Lake.

However, in both cases the waters flow through other sites we have mentioned, and so it should be noted that it would not be possible to do all of the projects listed because there is not sufficient unappropriated water to make all of these projects available, except in years of more than average water condition.

It is probable that some at least of the other storages, if built will be used cyclically, that is, in years of low flow only, and in such circumstances normally the storages will be left full contributing to the head in their immediately associated power plants, but not to the flow.

To summarize, Mr. Chairman, the Canadian Section are prepared to discuss with you under the general terms of the Columbia Reference the cooperative arrangements in relation to the undermentioned subjects which we might propose in our report to the Governments of the United States and Canada and to make appropriate advisory recommendations thereon as we may agree.

One, for the temporary—the emphasis supplied, shall I say—use downstream in the United States of regulated flow from Mica storage;

Two, and of Murphy Creek storage;

Three, possibilities of Canada permitting an increase of level of approximately 42 feet at the point where the Columbia River crosses the boundary into the United States; thereby flooding upstream to the tail water of the Murphy Creek Dam. This would permit a corresponding increase in the height of the Grand Coulee Dam.

Four, the possibility of Canada permitting an increase of level of approximately 37 feet at the point where the Kootenay crosses the boundary into the United States; that is, the eastern crossing; thereby flooding upstream to the tail waters of the Dorr Dam.

This will permit a corresponding increase in the height of the proposed dam at Libby, Montana, above the water level at the boundary.

In conclusion, Mr. Chairman, may I invite attention at this time to the first section of the operative portion of the Commission's order of approval of 25 July 1952, in relation to the power development at Waneta on the Pend d'Oreille.

Your colleagues will recall that this provision was inserted in that order on the insistence of the United States Section of the Commission seeking to protect asserted rights in the flow of the Pend d'Oreille River.

It will, of course, be necessary for the Canadian Section to insure that adequate safeguards for the protection of Canadian rights are included in any arrangement proposed for the use of the flows of the Columbia and of the Kootenay Rivers.

That is all I have to say.

Mr. JORDAN: Thank you, General; thank you for your very comprehensive summary of the plans which you have under way in Canada for developing the resources of the Canadian part of the Columbia Basin.

I might say that I think you people are deserving of commendation for the thorough manner that you have gone about in making these studies.

We have been privileged to have from you copies of the Hansard, where similar material was presented to your committee, as you have presented it to us today. Therefore, some of the material which you gave us we have had the privilege of looking over before. Some of it was new.

I am pleased, sir, that you find yourself in agreement with me at least part of the time, because I assure you that our differences are substantial in phases of the problem that I think are very crucial and essential to a final solution on a mutually advantageous basis.

Without going into detail, General, on the specific items of your presentation, let me review for a moment, if I may, the position of the United States in regard to resource development.

You know we started some twenty years ago to make a comprehensive study of the resources of the Columbia Basin hydrological resources. We proceeded at as fast a rate as we could under the circumstances. Those studies have been interrupted somewhat by war. They have been reviewed and revised and we have what we consider to be a very comprehensive engineering study of our own resources, and to a limited extent the resources which you have so ably discussed with us this morning on your side of the boundary.

I might say, though, that in the early part of that study accurate data as to what the resources were in Canada, were not available to us because it was not available to you, either, at the time.

Consequently, we proceeded in good faith to sign up a comprehensive plan for the development of our resources within the United States.

We realized, first of all, from an engineering standpoint we had to have substantial bodies of upstream storage, if for no other purpose than to protect from the devastations of floods the downstream industrial centers and cities that we have.

We realized, too, that there is a measure of downstream values which might rightly be accredited to upstream storage.

I think we might differ substantially, General, on the amount of those values, because it seems to me as you were talking here and outlining your position that possibly you in Canada face a different problem than we do here.

You are talking, sir, in terms of 100 per cent hydro, and rightly so, because you have vast hydro potentials yet to be developed. We on this side of the border have pursued the policy, generally speaking, of developing those projects first which were best—which had the best benefit to cost ratio, because as we settled the lands of the great Western prairies on the basis of taking the best first, so have we proceeded—I say generally speaking—in the development of our river resources in building the best hydro projects first.

Our engineers tell us that if we were to translate into energy every foot of fall on all of the tributaries of the Columbia we would arrive at a very substantial figure, differing one year from another, as wet years compare with dry years.

We note from our studies that the cost of these hydro projects is on an ascending curve; that is, if we take the best first, each succeeding project probably has a less favorable benefit to cost ratio than the one preceding.

We know, too, that the competition for hydro resources in developing hydro resources developments, power development, is thermal, and we know from our own cost studies that thermal costs are descending; that is, rapidly descending.

Several months ago I was in Salt Lake City. I saw there two steam plants operating side by side. There was about a generation of difference in the age of those plants. One was able to convert a kilowatt hour of energy from two pounds of coal. The other one, using the same coal, looking to me—a layman from the outside—to be almost identical in appearance, was able to get a kilowatt hour of energy from one pound of coal.

So we have made some tremendous advances in mechanical efficiency.

So I would like to leave with you for just general purposes here the picture as we see it with an ascending curve of hydro, with a descending curve of thermal, and just where the two are to cross or will cross, I do not know.

But, human nature being what it is, it is hardly conceivable when that time comes, even though we are hydro lovers and we like to build dams—we like to harness the energies of these great rivers—when the economics of the thing, General, says that we can do it cheaper another way, when we can do it better another way, then we must, I suspect, give way to costs.

I am pleased to note the fine friendly manner of your presentation, sir, and the invitation to discuss with you and explore with you aspects of this problem as they apply, perhaps not to specific projects, as you started to say, but as to general principles.

General McNAUGHTON: That is right.

Mr. JORDAN: Speaking now for my colleagues, as to your invitation, I will be pleased to do that, and as to your invitation to visit with you personally, nothing would please me more.

I think that I am hopeful from a man of your wide experience and background in this matter I might very likely benefit substantially.

I think that such differences as we have may be reconciled in that, but I think, to go back if I may, the difference that probably will keep us apart on the element here is your concept, as I understand you, sir, in assuming that we are to develop 100 per cent hydro system.

And, also—if I am wrong, I hope you will correct me—it seemed to me that you ascribed some new value to storage which I am not able to see.

I agree that regulating the flow, the flood flows of a river has certain beneficial effects. I will point out, though, that the mere act of storing water does not increase the quantity of that water. Nothing new has been added. As a matter of fact, by the very storing of the water you lose by the depletion occasioned by evaporation.

We can take with a great deal of seriousness the presentation you have made. We shall go into it, believe me, with a fine-toothed comb.

You may never concern yourself, sir, but that we shall always be alert to protect the interests of the United States.

General McNAUGHTON: And that is as it should be.

Mr. JORDAN: In due course you will hear from us on the specific point that you have raised here.

Again may I thank you on behalf of my colleagues for your fine presentation.

Does anyone have any questions to ask either of the engineering chairmen who submitted data here this morning, or to the General?

Mr. WEBER: I would like to ask a few questions at this point.

First, I believe I understood General McNaughton to suggest earlier, although not in his summary in the last few minutes, the initiation of discussions towards establishing principles for handling cases of the type that you did list in your summary.

You did not mean to omit that—you merely just did not choose to summarize that point which was a specific suggestion?

General McNAUGHTON: Oh, no, Mr. Weber. The suggestion for study of evolution of principles, as I used the words earlier, I think—I would not be too sure of this—was related specifically to these projects that I was going to mention later.

It is a study of general principles in the environmental conditions of the Columbia Basin, and adjacent basins, that I think would be most fruitful.

I say "general principles" in those basins out there because you find when you try to evolve principles on these engineering and economic matters, they

become very nebulous unless you can tie them into some framework of environment, and that is why we suggest we carry on these, or about these things which are of vast importance in these particular localities; but I do not say that we should pick any project.

Of course, we are not free to pick the Libby, as we specify the project at the moment, because if you will read the statement in Response which has been given by the Government of Canada, discussion of that matter must await the decision on the diversion, or otherwise on the Kootenay.

General principles would be very helpful—to get them developed simultaneously with your study of the possible advantages of the several cases that I have mentioned.

Mr. WEBER: My next question was, then I assumed—you also, I think, have answered it already—the studies should proceed any time now.

General McNAUGHTON: Any time.

If I may venture to speak, Mr. Chairman, what I had hoped was that we might resume the studies which were started and which were, I think, most unfortunately interrupted. If we do, we will want the help of the engineers who comprise that committee.

We would probably want to add an economist to their number, and to make very sure that the ambit of their inquiries is not too restricted, shall I say.

We would be very happy to consider joining you in the setting up of some group of that sort with terms of reference that might be agreed upon in the Commission.

Mr. JORDAN: General, do I understand you this way: Is this a new study group that you propose to set up outside of our engineering board?

General McNAUGHTON: The engineering board on the Columbia had a working committee, or something of the sort, on the subject. I believe, myself, that if we can learn as we must from unfortunate experience, then we will have to define very carefully in the Commission the questions that we want to ask that group to answer. I would think that we would like to have it under the general aegis of the Columbia Board, but with the Board working with a very specific mandate.

Mr. JORDAN: Commissioner Weber, do you want to explore that a little further?

Mr. WEBER: No, sir; I do not think that we need to at this time. As you have indicated in your remarks, we shall have to discuss this a little bit, but I wanted to be sure of a couple of points.

General McNAUGHTON: There is no question, Mr. Weber, and I am sure that when the verbatim record of my remarks* will come that right from the very beginning I contemplated that this type of study should be related most particularly to the projects for cooperation which I said I would list later.

I did not bring it right up in the last minute; in the summary it was assumed.

Mr. WEBER: I will say, Mr. Chairman, I believe from my association with these studies in the past and up to date that there is no question that these studies should be carried out at some appropriate time.

I think, as far as we are concerned, the only factor I know of that we will have to explore a little is the timing of the study. Then, of course, there are certain related questions as to the composition of the group, and just how to organize and all of that.

* Vide pages 8, 9 and 10.

I do not believe it would be useful to discuss it any further in detail at this meeting until we have all had a chance to turn it over in our minds a little bit, and become a little more specific in our suggestions.

General McNAUGHTON: That is exactly the way I had felt about it. I felt that if I could have the privilege of making this suggestion to the Commission today, you people might take it away and think about it, I hope, sympathetically; and that as soon as you are ready with that we might discuss the steps necessary to make it precise and to instruct selected personnel to make the studies and come up with the report to the Commission.

Mr. JORDAN: I think that is a very good suggestion. I am sure that we will look to compliance with that suggestion, General, as we study the mass of technical detail you have given us, and in the proper focus to it.

General McNAUGHTON: In that connection, may I say that the technical detail that I have put in front of you has been sifted out merely in order to illustrate.

Behind every one of those hydrographs there are volumes of information, as you know. We have only picked them out really for illustrative purposes. So, do not do calculations. I do not have to say that to the engineers. We could not do the calculations merely on the data laid down on the table; but the other data is available now also.

Mr. McWHORTER: I should like to ask General McNaughton if, with the exception of the matter we have just been discussing, the statement he has made here today is the statement in substance, possibly with some slight variations, as the statement that we know he made before the Committee of the House of Commons during the past few weeks.

General McNAUGHTON: Yes, Mr. McWhorter, so far as human frailty in the control of one's tongue is concerned, exactly identical information has been given to them. I spoke in both cases from notes, so that the precise wording of it may differ somewhat, but I should be grievously disappointed if there is any difference in principle.

Mr. McWHORTER: In substance.

General McNAUGHTON: Yes, in substance.

The only difference is, as I told you, I have not had my opportunity to carry the business, shall I say, from the defensive aspect to the positive aspect in my presentation before the House of Commons Committee. I have ventured—and I am not too sure that it will please some people—to put this before you before I have actually given it to our own authorities, but it will be given in identical terms, as near as I can do it.

I will have this verbatim record, and I propose to read it. That is why I asked assurance at the start that this was not a closed meeting in the sense that I could not use those records for presentation to the Committee of the House of Commons and Government.

In other words, Mr. McWhorter, I want you to know it is an entirely and completely frank and honest approach to this problem. We are putting all of the cards on the table. We will put more information out, as we get it, that is, information which is good enough to warrant or allow its use.

Mr. JORDAN: Are there any further questions, or discussion?

Gentlemen, I am of the opinion that in the discussion of the Columbia River Reference under Docket No. 51, we have also covered Docket 69, Libby Dam application.

General McNAUGHTON: We have, sir.

Mr. JORDAN: Are you all agreed on that?

Mr. McWHORTER: Yes. We do not need to take more time with that today.

Mr. JORDAN: Before we sign off here until two o'clock this afternoon, I would not want to deprive anyone of making a gem of a statement that he would feel he would be deprived of if he did not make it at this time.

Shall we adjourn now until two o'clock this afternoon?

(Whereupon, at 12:15 a.m., a recess was taken until 2 p.m. of the same day.)

APPENDIX "B"

STATEMENT ON COLUMBIA RIVER REFERENCE, *Docket 51*, SUBMITTED
BY CHAIRMAN LEN JORDAN, UNITED STATES SECTION, INTER-
NATIONAL JOINT COMMISSION, AT THE SEMIANNUAL
MEETING IN OTTAWA, CANADA, 4 October, 1955

The Canadian Section has very kindly caused to be supplied to the United States Section of the Commission, printed copies of the Minutes of Proceedings and Evidence of the Standing Committee on External Affairs, House of Commons, containing the testimony of General McNaughton and other witnesses before that Committee last spring. We have given very careful consideration to General McNaughton's testimony, and find therein numerous statements with which we do not agree; and we desire that it be clearly understood that our decision not to deal specifically with such statements today shall not be construed as acceptance of or agreement with them.

At the semiannual meeting of the Commission in Washington in April, 1955, General McNaughton outlined Canadian plans and views concerning development of the Columbia and adjacent basins and asked that his statement be regarded as an open document—available for use outside of International Joint Commission channels if required.

I should like now to present a statement for the U.S. Section of this Commission in response to certain parts of General McNaughton's statement and to ask that it also be regarded as an open document.

Last April, Chairman McNaughton said:

...I agreed—that I should give at the first appropriate opportunity an account of the plans being evolved by Canada for the utilization of the vast resources of water in the Canadian portion of the Columbia Basin and the adjacent watersheds.

I am prepared to outline these plans before this Commission as a matter of information to indicate the progress which has been made, the magnificent possibilities which have been disclosed, and the expectations which we are coming to hold as to the immensely important beneficial economic consequences for Canada which will result.

I say for Canada, by which I mean primarily British Columbia. But I do not overlook the possibilities which are becoming evident for cooperative arrangements between Canada and the United States for the exploitation and use of certain portions of these waters which we may find it advantageous to permit to continue to flow from Canada across the boundary.

Accordingly, as part of my presentation, after I have given an outline of the general plans which are evolving for the use in Canada of the various heads and flows in and from the Columbia Basin, I will indicate those sections of the Columbia and the Kootenay where, I think, you may be interested in discussions for joint beneficial use of the particular waters in question.

I will now, Mr. Chairman, give you a brief account of the plans which are evolving for the development of these Canadian resources in water in the Columbia Basin and the adjacent watersheds.

In outlining Canadian studies, General McNaughton divided the various ways that the Columbia could be developed into three principal cases, namely: Case 1, under which there would be no diversion of flows from the Kootenay River to the Columbia nor from the Columbia to adjacent basins; Case 2, under which there would be diversion of from 5000 to 8000 c.f.s. from the Kootenay

diversions plus diversion of up to 15,000,000 acre feet annually from the Columbia to the Fraser River Basin.

After discussing the three cases together with several variants, General McNaughton continued his remarks as follows:

I have mentioned that we feel that in proposing these diversions we contravene no provision of the Treaty of 1909, or necessarily impair any interest in the United States which has been legally acquired under that Treaty.

In our studies in the Canadian Section, International Joint Commission, of this aspect of the matter, it has become evident that under the conditions which would exist, the point of maximum use of the water from Canada in the United States would be at the Grand Coulee Dam.

Here also the rights of the United States seem to us to be more explicit than anywhere else. And the reason for this is the International Joint Commission order of 1941, under authority of which the United States is permitted to flood up to the boundary with certain backwater effects running to Canada.

Mr. Chairman, I now refer to Table VII, which gives, so far as the information available to the Canadian Section, IJC, is concerned, our understanding of the present and prospective demand for water at Grand Coulee.

Now, I use the term "demand", because we do not yet know how much of the flows mentioned would constitute lawful appropriations and priorities, interference with which might constitute an injury under the provisions of Article II of the Treaty of 1909, which would be recognized as such by the Court of competent jurisdiction, which, in this case, is the Exchequer Court of Canada.

And I would like to say, Mr. Chairman, that if you have any ideas on this subject, we would be glad to learn your views, which will be given very careful consideration, and we will consult the law officers of the Crown thereon.

With respect to this quotation, I should first like to say that we do not agree with the statement:

...that under the conditions which would exist, the point of maximum use of the water from Canada in the United States would be at the Grand Coulee Dam.

I shall have more to say about this later. Nor do we agree with the statement:

...necessarily impair any interest in the United States which has been legally acquired under that Treaty.

With respect to the above quoted remarks, certain basic axioms should be mentioned. They are:

1. Both United States and Canada recognize the doctrine of appropriation as being applicable in the area under consideration.
2. Under the doctrine of appropriation, the appropriator who is first in time is first in right.
3. A right is established when the actual appropriation is made.

With these basic points in mind, may we point out that the United States Government already has substantial investments in existing power plants in the Columbia basin amounting to about one and one-half billion dollars; in power plants under construction, another billion dollars; plus another estimated two billion dollars for power plants expected to be built in the next ten years. Wide publicity has been given all of these projects. Canadian and

provincial officials have been given all of our engineering reports. Never at any time has secrecy shrouded our building or our planning. All of these projects were planned and all of the funds are committed in anticipation that the waters of these international rivers would not be utilized by Canada in such a way as to jeopardize downstream interests.

Frankly, we are convinced that the diversion of 15,000,000 acre feet of water annually from the Columbia to another watershed wholly in Canada would result in very serious injury to downstream interests in the United States. Chief Joseph Dam, now nearly completed, will use 171,000 cubic feet per second. The Dalles, also under construction, will have an ultimate hydraulic capacity of 360,000 c.f.s. Other plants on the main stem also have sufficient capacities to utilize more water than would be available if 15,000,000 acre feet were diverted.

I submit for the record two tabulations showing estimates of unutilized water at projects on the main stem of the Columbia River based on flows which occurred during the twenty-year period 1928-1948. Data in the first table are predicated on a level of development of upstream storage projects in the United States with a total capacity of 21,384,000 acre feet being available. The second table shows unutilized flows if only the existing Hungry Horse, Albeni Falls, and Grand Coulee storage projects were available.

The unutilized flows are the sum of all monthly flows in excess of the ultimate wheel capacity. The flows used in determining this excess are the regulated flows from the corresponding 20-year study for the inter-agency report of January 1955 on the "United States and Canadian Storage Projects." The ultimate number of units are the same as shown in that report. Copies of this report have been supplied to the Canadian Section.

In examining these tables, I call your attention particularly to the two lines at the bottom of each table which indicate that there would be no surplus water in about half of the twenty years, and surplus of 15,000,000 acre feet would not be available except in a very few of the twenty years.

I think it proper to point out at this time that the injuries downstream occasioned by the annual diversion of 15,000,000 acre feet of Columbia water to another basing will be suffered by a Sovereign—one of the High Contracting Parties—namely, the United States of America. Obviously, therefore, the United States, as an injured Sovereign, will not be limited to the redress provided for an injured party (spelled with small letter "p") by Article II.

After describing Canadian studies of possibilities for development of the Columbia River under Cases 1, 2, and 3, General McNaughton suggested four subjects to be studied jointly under the Columbia Reference. Again I quote from the April record:

To summarize, Mr. Chairman, the Canadian Section are prepared to discuss with you under the general terms of the Columbia Reference the cooperative arrangements in relation to the undermentioned subjects which we might propose in our report to the Governments of the United States and Canada and to make appropriate advisory recommendations thereon as we may agree.

One, for the temporary—the emphasis supplied, shall I say—use downstream in the United States of regulated flow from Mica storage;

Two, and of Murphy Creek storage;

Three, possibilities of Canada permitting an increase of level of approximately 42 feet at the point where the Columbia River crosses the boundary into the United States; thereby flooding upstream to the tail water of the Murphy Creek Dam. This would permit a corresponding increase in the height of the Grand Coulee Dam.

Four, the possibility of Canada permitting an increase of level of approximately 37 feet at the point where the Kootenay crosses the

boundary into the United States; that is, the eastern crossing; thereby flooding upstream to the tail waters of the Dorr Dam.

This will permit a corresponding increase in the height of the proposed dam at Libby, Montana, above the water level at the boundary.

We object to the proposal of the Chairman of the Canadian Section for several reasons:

First, it is quite obvious that all four of the subjects proposed are intended to fit into diversion conditions that would prevail under Chairman McNaughton's Case 3.

If the United States Section should agree to participate in the joint studies under conditions specified in the Canadian Case 3 proposal, we would, by so doing, risk an assumption by others that we gave tacit approval to Chairman McNaughton's contention that a diversion of 15,000,000 acre feet annually can be made without injury downstream in the United States.

This we are not prepared to do.

As a matter of fact, we consider that such studies would not be within the terms of the Columbia River Reference. We submit, moreover, that no such diversions were contemplated by either of the High Contracting Parties when they sent the Reference to the International Joint Commission on 9 March 1944. I quote from the Reference:

It is desired that the Commission shall determine whether in its judgment further development of the water resources of the river basin would be practicable and *in the public interest from the points of view of the two governments.* (Underscoring added)

We have already pointed out that the United States would suffer great injury under Case 3 diversions. We must conclude, therefore, that the United States Section has neither the authority nor the inclination to engage in joint studies based on acceptance of the theory of the Case 3 diversions which are *definitely against the public interest from the point of view of the United States.*

In addition to the objections already stated, your attention is invited to the statements in the Special Report dated June 3, 1955, of the International Pacific Salmon Fisheries Commission which sets forth the destructive effect which diversions into the Fraser River might have on salmon fisheries there. The salmon industry has been revived as a result of joint United States-Canadian efforts and heavy expenditures. It is now worth over \$15,000,000 annually to the two countries with a potential value of over \$26,000,000. We are seriously concerned with any proposals for the Fraser which would seem to threaten this valuable industry and be in conflict with our treaty "for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser River System."

We particularly desire, however, that it be understood that our attitude is and consistently has been constructive with respect to investigations and formulation of plans by this Commission for further development within the Columbia River basin of the water resources of that great basin in a manner practicable and in the public interest from the points of view of the Governments of both Canada and the United States of America under the Reference of 9 March 1944. We suggest that the Commission now continue actively with the field investigations and joint studies, which have been under way for more than eleven years, with a view to:

- (a) Consideration by the Commission and its International Columbia River Engineering Board of principles applicable, where appropriate, for analysis of water-resource developments wholly within either

the United States or Canada, or in both, and of mutual concern *and benefit* to both countries;

- (b) Accomplishment of necessary studies to develop facts and evolve a mutual understanding with respect to the engineering and economic aspects of possible water-resource developments of mutual benefit; and,
- (c) Discussion and consideration of possible developments with a view to formulation of recommendations to the two Governments of a mutually beneficial and acceptable plan of development.

We of the United States Section hope such studies may proceed immediately and go forward without interruption, and we are prepared to augment the existing International Columbia River Engineering Board, Committee, and Work Groups as required to accomplish the work satisfactorily. Specifically we suggest enlarging the Columbia Board by one additional member from each country and leaving to the Board the problem of any changes in its committee and work groups.

Meanwhile, it seems appropriate that we inform our Canadian colleagues that the Corps of Engineers in cooperation with other interested Federal agencies and State and local interests has commenced a review of United States plans for development of the Columbia River basin. It is expected that this review will develop many considerations pertinent to our joint studies under the Columbia Reference. For example, it will develop specific data to take account of the changing and diminishing value of storage in the future as the cost of hydro possibilities increase and the ratio of hydro to thermal installations in the system changes. Instead of evaluating storage only on the basis of conditions at the beginning of its economic life, it will be possible to evaluate the storage over the range of changing conditions that can now be foreseen.

Also, it will be possible to take into account the amount of storage that can be advantageously utilized during various periods in the future and to apportion the beneficial effects of storage equitably among the interrelated projects which contribute to flow regulation, thus avoiding the inequities of assigning higher values to first added elements of a plan and remaining values to later elements.

Summary

In summary the United States Section of the Commission, constructively viewing the Commission's duties and responsibilities under the Columbia River Reference, says:

- (a) The diversions proposed by the Canadian Section would result in very great injury to the United States. For this reason alone, no satisfactory basis exists for joint consideration of the four subjects proposed by the Canadian Chairman last April for joint study. It may be observed, however, that any joint consideration of such diversions would carry the Commission outside of its proper sphere of action under the Reference which definitely contemplates recommendations by the Commission for further development of the water resources of the Columbia basin in a manner that "would be practicable and in the public interest from the points of view of the two Governments."
- (b) The United States Section and the technical staffs of the various Departments and agencies of the United States are ready, willing, and eager to collaborate with our Canadian colleagues in continuing the field investigations and studies thus far so admirably advanced under the terms of the Reference which contemplates that any plan

recommended by the Commission shall be of mutual, significant, and permanent benefit to both Canada and the United States. This, we submit, is the duty and responsibility of the Commission as entrusted to it by the two Governments.

TABLE I
UNUTILIZED FLOWS AT MAIN STEM COLUMBIA RIVER PROJECTS
(Based on a Level of Development in the United States
Including about 21,000,000 acre feet of upstream storage)
Thousands of Acre Feet above Ultimate Hydraulic Capacity

Year	Grand Coulee 26 Units 130,000	Chief Joseph 27 Units 171,000	McNary 20 Units 291,000	John Day 20 Units 287,000	The Dalles 22 Units 360,000	Bonne- ville 16 Units 210,000
	c.f.s.	c.f.s.	c.f.s.	c.f.s.	c.f.s.	c.f.s.
1928 (Start July).....	0	0	0	0	0	0
1929.....	0	0	0	0	0	0
1930.....	0	0	0	0	0	0
1931.....	0	0	0	0	0	0
1932.....	6,495	1,900	100	2,915	0	8,025
1933.....	16,165	9,000	9,460	12,660	0	25,125
1934.....	13,105	8,200	1,875	6,150	0	24,525
1935.....	8,090	3,120	0	0	0	7,445
1936.....	4,180	1,130	0	715	0	7,475
1937.....	0	0	0	0	0	0
1938.....	6,795	800	1,130	2,740	0	14,385
1939.....	1,565	0	0	0	0	245
1940.....	0	0	0	0	0	800
1941.....	0	0	0	0	0	0
1942.....	3,990	1,415	0	0	0	5,440
1943.....	8,965	2,375	3,775	8,950	240	24,535
1944.....	0	0	0	0	0	0
1945.....	0	0	0	0	0	0
1946.....	12,325	4,675	2,055	5,510	0	17,450
1947.....	7,730	1,250	595	3,185	0	11,855
1948 (Including June).....	18,790	13,780	22,860	27,590	17,240	35,695
Number years of no surplus.....	9	10	13	12	18	8
Number years when 15,000,000 acre feet of surplus water would not be available	18	20	19	19	19	15

(October 1955).

STANDING COMMITTEE

TABLE II

UNUTILIZED FLOWS AT MAIN STEM COLUMBIA RIVER PROJECTS

(Based on existing storage projects)

Thousands of Acre Feet above Ultimate Hydraulic Capacity

Year	Grand Coulee 26 Units 130,000	Chief Joseph 27 Units 171,000	McNary 20 Units 291,000	The Dalles 22 Units 360,000	Bonne- ville 16 Units 215,000
	c.f.s.	c.f.s.	c.f.s.	c.f.s.	c.f.s.
1928 (Including July).....	6,327	3,815	0	0	4,920
1929.....	3,765	715	0	0	5,060
1930.....	4,070	185	0	0	775
1931.....	1,500	0	0	0	0
1932.....	18,020	10,555	11,760	4,755	28,575
1933.....	22,205	14,065	16,525	9,195	33,550
1934.....	18,855	9,985	5,550	0	21,430
1935.....	14,315	8,690	4,225	475	16,715
1936.....	9,360	3,305	3,840	0	15,700
1937.....	4,475	0	0	0	4,485
1938.....	16,240	8,780	10,300	4,460	27,070
1939.....	7,645	240	0	0	6,885
1940.....	4,065	890	0	0	5,310
1941.....	0	0	0	0	890
1942.....	10,615	5,660	3,570	0	14,460
1943.....	15,130	7,750	14,315	3,630	36,510
1944.....	0	0	0	0	655
1945.....	6,970	2,140	2,975	0	12,695
1946.....	20,960	13,490	13,965	6,645	31,605
1947.....	16,540	9,005	11,580	3,840	24,570
1948 (Including June).....	23,750	18,795	32,670	26,255	44,770
Number years of no surplus.....	2	4	9	13	1
Number years when 15,000,000 acre feet of surplus water would not be available.....	12	19	18	19	10

(October 1955)

"APPENDIX C"

STATEMENT BY CHAIRMAN, CANADIAN SECTION, INTERNATIONAL JOINT COMMISSION, GENERAL A. G. L. MCNAUGHTON, FOLLOWING STATEMENT BY HONOURABLE LEN JORDAN, CHAIRMAN, UNITED STATES SECTION, re COLUMBIA REFERENCE AT SESSION OF COMMISSION IN OTTAWA ON 4 OCTOBER, 1955.

The CHAIRMAN: ...I would like to express the interest of the Canadian Section in the presentation which has just been made to us. I would like to say that every assertion of fact and deduction therefrom will be taken under the most careful consideration by the Canadian Section.

The matter which is presented is of very far-reaching importance, as I have no doubt Mr. Jordan will agree. In consequence I would not at this time, nor do I think any member of the Canadian Section or our advisers, wish to comment in any detail.

I would just like to observe at this time that I hope in presenting this report to the public in the way you have indicated, note will be taken of what I say now. I would like to observe that as far as I can see, at first observation, all the arguments which have been adumbrated here had been in the minds of the Canadian Section and its advisers beforehand; and as I say, as far as I can see at the moment, I believe those arguments have been taken into full consideration and that they were so considered before the position which we have indicated was taken.

It may well be that there are fine legal aspects of this matter which still require the most careful study by those who are skilled in the law, and as I indicated at the time I presented my statement last year, and also to the committees of parliament, we in the Canadian Section are entirely happy to abide by the law in these matters. In making our proposals, on expert advice, we believe we have adhered to the law.

Nevertheless these new comments will be taken to the law officers of the crown, and their advice will be sought. As soon as I have their advice I shall communicate with you again. I want to emphasize, Mr. Jordan, that I believe most sincerely that what we have stated and the proposals we have made are not only correct, but they are very generous to the United States.

Is there any other discussion on the Columbia reference? Is there anything you wish to raise, Mr. Jordan?

Mr. JORDAN: Nothing more, Mr. Chairman.

HOUSE OF COMMONS

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

STANDING COMMITTEE

ON

EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

TUESDAY, JUNE 12, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

WITNESSES:

Messrs. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head of Finance Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.

and Messrs.

Aitken	Gauthier (<i>Lac-Saint-</i>	MacKenzie
Arsenault	<i>Jean</i>)	Macnaughton
Balcer	Goode	McMillan
Breton	Hansell	Michener
Cannon	Henry	Nesbitt
Cardin	Huffman	Patterson
Coldwell	James	Pearkes
Crestohl	Jutras	Richard (<i>Ottawa East</i>)
Decore	Knowles	Starr
Fleming	Lusby	Stick
Garland	MacEachen	Stuart (<i>Charlotte</i>)
	MacInnis	Studer—35.

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, June 12, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs, Boisvert, Cannon, Crestohl, Fleming, Gauthier (*Lac Saint-Jean*), Goode, James, Jutras, MacKenzie, McMillan, Mitchener, Nesbitt, Pearkes, Starr, Stick and Stuart (*Charlotte*).—(16)

In attendance: Mr. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs; Mr. W. D. Matthews, Assistant Under-Secretary; Mr. H. J. Armstrong, Head of Finance Division.

The Chairman called the meeting to order and announced that Mr. Macdonnell was now in a position to answer a question concerning the Civil Budget of NATO asked at a previous meeting held Tuesday, May 29, 1956.

By leave of the Committee, it was ordered that the document be tabled for incorporation into the record of this day's meeting.

Item 94—Representation abroad—Operational, and Item 95—Representation abroad—Capital, were called by the Chairman and following discussion, both were allowed to stand.

Item 114—Grant to UNRWA Near East, was called and adopted.

Item 115—International Commissions—Indo-China, was called and adopted.

The Chairman suggested that the Committee proceed at its next meeting with the consideration of Items 109 and 110, both of which relate to the work of the International Joint Commission. If sufficient time is available the remaining items will also be called.

At 12.30 p.m., the Committee adjourned to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

TUESDAY, June 12, 1956
11.00 a.m.

The CHAIRMAN: Order. I see we have an early quorum this morning so we can start right now. To begin with, Mr. Macdonnell would like to make a statement in answer to a question asked by Mr. Knowles in connection with NATO.

Mr. R. M. Macdonnell, Deputy Under-Secretary of State for External Affairs.

The WITNESS: Mr. Chairman a question was asked about the size of the NATO civil budget, the number on the staff and so on, and we were asked for some samples of salaries paid. We have prepared a table in reply, and this could be printed if the committee so wished.

The CHAIRMAN: Is it the pleasure of the committee to have this document tabled and printed?

Mr. GOODE: I so move.

Agreed.

The WITNESS: The NATO Civil Budget for 1956 is as follows:

1.	French francs	Canadian Equivalents
Main budget	1,161,150,000	\$3,283,732.20
First supplementary	6,850,000	19,371.80
	<hr/>	<hr/>
	1,168,000,000	\$3,303,104.00

2. The NATO International Staff/Secretariat establishment for 1956 provide for a total of 665 persons.

3. The following are some examples of the salary ranges and allowances for the NATO International Staff:

	Salary Annual- French francs & Cdn. Equivalents		French francs & Cdn. Equivalents
Grade 2 (Messenger)	352,000 to (\$995.46) 440,000 (\$1,244.32)	1st cost of living bonus	49,500 (\$139.99)
		2nd cost of living bonus	56,320 to (\$159.27) 70,400 (\$199.09)
		Head of household allowance (Married personnel)	33,000 (\$93.32)

Grade 6

(Canadian stenographer 2B)	484,000 to (\$1,368.75) 616,000 (\$1,742.05)	1st cost of living bonus	63,000 (\$178.16)
		2nd cost of living bonus	75,000 to (\$212.10) 95,480 (\$270.02)

Grade 11

(Canadian FSO 1)	1,006,500 to (\$2,846.38) 1,160,500 (\$3,281.89)	1st cost of living bonus	87,000 (\$246.04)
		2nd cost of living bonus	145,943 to (\$412.73) 168,273 (\$475.88)
		Head of household allowance (Married personnel)	85,000 (\$240.38)

Grade 14

(Canadian Counsellor of Embassy)	1,930,000 to (\$5,458.04) 2,425,000 (\$6,857.90)	1st cost of living bonus	110,000 (\$311.08)
		2nd cost of living bonus	221,650 to (\$626.83) 286,000 (\$808.81)

Note:—Non-French nationals employed in the NATO International Staff/Secretariat staff receive an expatriation allowance. This allowance, however, does not apply to Grades 1, 2, 3 and 4 which are, at present, filled by French nationals.

These expatriation allowances consist of: Grades 5 to 8—married 345,000 (\$975.66), single 255,000 (\$721.14); Grades 10 to 13—married 550,000 (\$1,555.40), single 410,000 (\$1,159.48); Grade 14—married 785,000 (\$2,219.98), single 590,000 (\$1,668.52); Grade 15—married 900,000 (\$2,545.20), single 675,000 (\$1,908.90).

In addition variable rental allowances are paid to International Staff/Secretariat personnel when their rental exceeds 20% of their salary.

Interpreters receive an annual bonus of 200,000 French francs (\$565.60) and translators an annual bonus of 100,000 French francs (\$282.80).

The CHAIRMAN: We shall now revert to item 94. I think Mr. Fleming has some questions to ask in connection with this item which deals with Representation Abroad.

Mr. FLEMING: Yes, Mr. Chairman. Have we had the reprint of that day's proceedings at which Mr. Macdonnell was putting on the record some of the information I had asked for—for instance, a statement with regard to blocked currencies and so on?

The CHAIRMAN: Yes, you will find it in number 11 of the minutes of proceedings of Thursday, May 24.

Mr. FLEMING: Has the secretary a copy?

The CHAIRMAN: Yes, at page 292, appendix D there is a statement on blocked currencies to March 31, 1956.

Mr. FLEMING: In connection with representation abroad, there has been some publicity given to one matter which I think should have our attention, Mr. Chairman, and to give Mr. Macdonnell an opportunity of making whatever statement he considers necessary in connection with the matter, I note that in the press of May 8 there was a statement made by Mr. Paul Morin who had recently been on the staff of the Department of External Affairs. Mr. Morin made certain charges in connection with extravagance at the Canadian embassy in Rio de Janeiro, and perhaps I could just summarize those charges in order that Mr. Macdonnell might make a statement about the matter.

The CHAIRMAN: Mr. Fleming, will you allow me to ask you if this is with respect to an article published in *Le Droit* of May 7, 1956?

Mr. FLEMING: That is right Mr. Chairman.

The CHAIRMAN: I thank you.

Mr. FLEMING: The Canadian Press summary of that article reads thus:

"*Le Droit* quotes Paul Emile Morin, a former secretary of the Canadian Embassy in Rio de Janeiro, as saying personnel of the Embassy are incompetent and inefficient and that extravagance is rampant.

The paper reports that, in a speech to the Lasalle Academy alumni last night, Mr. Morin said Brazilians consider Canada's diplomats as commercial travellers."

And then it goes on:

Mr. Morin is quoted as saying the one exception in Rio was former Ambassador Jean Desy, who was well-liked. His successor was Sydney D. Pierce, since appointed deputy high commissioner in London. The Rio Embassy now is under charge d'affaires C. J. Van Tighem.

Mr. Morin came home in 1954 after a three-year stint in Rio and resigned last year from the Department of External Affairs. He now is president and manager of the Brazilian and Portuguese Import Agency in Canada.

In the report in the *Ottawa Journal* of May 8 there is more detail given of the alleged extravagance, and several cases are enumerated. The first is that the department spent \$350,000 for building and land—I take it that was for the embassy. Secondly, that another \$300,000 was used to buy furniture and equipment; and that two ornamental 18th century mirrors were brought for \$1,000.

Speaking of the public accounts of the Department of Finance it is said in this article that this year's public accounts listed \$340,195 as the purchase price of the embassy property; there was no figure given for the cost of furnishing and equipping the embassy, the article added. However, a total of \$443,949 is listed as the overall cost of the embassy's 1955 operations, including the capital expenditures which, the article states, was the highest in the department's list, topping even the cost of the Canadian Embassy at Washington and Canadian representation to the United Kingdom.

Again—this is a lengthy article:

Mr. Morin contended that \$350,000 had been spent for the Rio property when 'another, just as suitable for embassy purposes' could have been purchased earlier for \$80,000.

The 'extravagance' he charged to External Affairs overseas operations did not result from 'incompetence' or 'inefficiency', he stressed.

To blame was 'the complete lack of understanding of the value of the taxpayer's dollar' by heads of External's missions and their immediate assistants.

This 'unreality in the department's financial operations' was due to 'allowance being piled upon allowance' for employees serving abroad.

External Affairs' staff on service abroad 'never personally have to worry about finances, so come to regard the dollar as a piece of government script of which there is an unending supply.'

The finance department's public accounts listed at \$39,653, the embassy's 1955 wage and salary bill, and \$26,143 the cost of allowances'.

Mr. Morin told the *Journal* he had 'no animus' against External Affairs or 'anybody connected with it, including Mr. Sydney D. Pierce' who had been the Canadian ambassador when the Rio property was purchased.

I am aware that Mr. Matthews did publish an immediate denial of the charges, but these are serious enough I think to warrant their being brought up here for discussion and for a statement which I am sure Mr. Macdonnell would be glad to have the opportunity of making, about a matter which has been given considerable publicity.

Mr. CANNON: On a point of order, Mr. Chairman, the parts of the quotation which we have just heard concerning the building would come under section 94. Shall we take items 94 and 95 together?

The CHAIRMAN: I would suggest we take both.

Mr. FLEMING: It affects both. Part of the statement which was made by Mr. Morin relates to the purchase of property abroad, and part to the purchasing of furnishings—

The CHAIRMAN: Yes, I have considered that point and—I think you are in order.

Mr. GOODE: Mr. Chairman, before this is answered, may I say this: Mr. Fleming has mentioned what we all know, namely that Mr. Matthews published a denial. Do you happen to have a copy of that denial which was published in the press? Does the department have a copy?

The WITNESS: No.

The CHAIRMAN: Are you ready to make a statement with respect to this matter, Mr. Macdonnell?

The WITNESS: Yes, Mr. Chairman.

Mr. GOODE: Before you make your statement, may I say that during the statement, or after it, I am going to ask you about the experience of the department with regard to Mr. Morin. I hope someone will be prepared to answer on that point.

The WITNESS: I think the problem can be put into perspective if I give some of the figures which have been asked for property in Rio de Janeiro. Prices in that capital are extremely high and we have been searching for a good many years for a satisfactory official residence. In December, 1950, for example, the house at which we finally decided to buy was offered to us for \$690,000. That price was considered to be far too high. We kept up the search. Another house was offered us for \$795,000 and other properties were offered at figures somewhat lower, but in September, 1954 the present residence was offered to us for \$500,000; they had gone down a bit. It was still considered that this was too high. The search continued, and finally the house was offered at \$350,000, at which figure it was decided to purchase.

Some of the figures which have been quoted about the costs involved are quite incorrect, and perhaps the simplest thing for me to do would be to give the actual figures. The cost of the house, as finally purchased, was \$350,000 U.S., which appears on our books as \$341,700 Canadian. There was authorized an additional \$25,000 for renovations which we think will be adequate for that purpose. I come now to the question of the furnishings, and as far as we can see the total will not amount to more than \$95,000. We have encumbered up to March 15 of this year \$73,000 and there are some additional estimates which, including air conditioning equipment, bring the total up to \$94,695. This is certainly a large sum but it is not of the same order of magnitude as the figures which were read to us from the newspaper article.

I think that the inaccuracies and lack of perspective which appeared in connection with the purchase of this property will be found reflected in the various other comments which were made on the embassy's operations.

By Mr. Goode:

Q. It has been said that Mr. Morin worked in South America for about 3 years. What was the experience of the department in regard to his work during that time? You might, perhaps, be able to say how he left the department.—A. Mr. Chairman, I would prefer not to go into great detail on this subject. Our experience with this individual's activities in Rio de Janeiro was not satisfactory. He was eventually brought back to the department after certain facts had come to light, in order that these facts might be more fully investigated, and eventually it seemed that the best course for all concerned was that he should resign. I think, Mr. Goode, that answers your question.

Q. No, it does not, Mr. Chairman. An attack has been made upon the government of Canada and upon one department of the government. This committee is interested in any charges which have been made, and evidently, from the evidence you have given this morning, the charges were not correct. However, I am going to place myself in your hands, Mr. Chairman, because we have got to be fair in our questioning. I would like to know the details of why Mr. Morin was brought back to Ottawa. If you consider that we should not be told, I am not going to press my question.

The CHAIRMAN: I would think that what Mr. Macdonnell has already said is enough, and I would like you not to press this question further, Mr. Goode.

Mr. GOODE: Might I ask this, then—and still I am in your hands: whether Mr. Morin's services to the department have been unsatisfactory?

The CHAIRMAN: That is what I understood from the statement made by Mr. Macdonnell.

The WITNESS: That is right, Mr. Chairman.

Mr. GOODE: I will question no further on that.

By Mr. Jutras:

Q. With regard to these furnishings—were they new furnishings, or were they the existing contents of the home?—A. Most of them were new furnishings purchased for the most part in Canada. Some were purchased locally.

By Mr. Fleming:

Q. What was the total cost of the furnishings?—A. Ninety four thousand six hundred and ninety five dollars.

Q. What is the story with regard to these two ornamental 18 century mirrors? Have you any information on that?—A. It appears, Mr. Chairman, that we did buy two mirrors and a few other articles of furniture, but we declined to buy the complete furnishings of the house.

Q. What was the price at which these mirrors were purchased? Is the description correct that they were two ornamental eighteenth century mirrors?—A. Yes. I am told the description is correct.

Q. What was the price?—A. I do not believe that we have the details here. I am told that it was approximately \$2,000 for those mirrors.

Q. Who decides on the purchases and the scale of furnishings in these cases? I am not going to be the first to be critical, or try to say that these buildings housing Canada's representatives abroad are suitable, but I think it is going to require not a little persuasion to convince a lot of the Canadian people that the purchase of two ornamental mirrors at a price of \$2,000 is necessary.—A. The problem of selecting the right scale of furnishings is a difficult one which we face constantly. I do not believe that we are entirely our own masters in this field. Some regard has to be paid to local conditions, and to the type of establishments that other countries comparable to Canada maintain. Our scales of representation, of course, vary a good deal from one country to another. In some places they can be relatively modest, partly because of the customs of the country and partly because of the scale of prices when we come to buy land or property or to pay rent. It happens that in Brazil prices are high and the standards of representation are pretty high. I think perhaps the brief historical summary which I gave will indicate how long the department spent in exploring this situation before making any recommendations to the government. It was our view that this was about the best purchase that we were likely to be able to make for as far ahead as we could see. We spent 5 years, really, in looking for it. The house is a large one and the furnishings have to measure up to a certain standard. I think we share your concern about these problems and have them in mind when we are considering the equipment for places abroad. As I said earlier, we are to some extent governed by standards and customs which, if we do not observe them, will mean that there will be representation which will not be a credit to Canada.

Q. Well, I think we can recognize that there is quite a difference in the scale in different countries. There is quite a broad variety in the quality of residence and furnishings in many of the posts abroad which I have seen, but I come back to this, Mr. Macdonnell; I do not know whether the other furnishings in the \$94,000 which went into furnishings was on the same scale as these two mirrors, but I would like to put this point forward, that we must have some regard. I think, for a sense of balance in equipping Canadian posts abroad, both with buildings and with furnishings. We want adequate premises, from the functional point of view, because these are places where the business of the country is to be done. I recognize the fact that we have quite a difference in the scale in local countries, and that Rio de Janeiro is admittedly a place where the scale of representation is expensive, and always has been for all countries. However, I have not yet heard anything to justify in my mind the expenditure of \$2,000 of the taxpayers' money for the purchase of two ornamental eighteenth century mirrors. Where did this particular purchase commence; what was the origin of it; who recommended the purchase of these mirrors and who authorized it? What study was made of this?—A. I know that the whole furnishings program was examined quite carefully. I think that it might be desirable if we could get the specific answers to Mr. Fleming's questions, the details of which we do not have with us.

Q. You will appreciate that, sitting here as a committee, a matter of furnishings is very hard for us to pass upon. You say that \$94,000 is spent on furnishings at a particular embassy, and it is only when we have a particular situation like this before us that we may have what may prove to be a yardstick. I hope that you will be able to give us some reassurance on this subject because I think it will alarm a lot of people.

By the Chairman:

Q. Could it be said that the policy of the department is to furnish embassies in line with the architecture of the buildings for Canadian representation abroad, and sometimes the prices of furniture are very costly?—A. That is very true. There is the sense of balance, which Mr. Fleming referred to, which one must maintain. In considering this problem of furnishings, I think one ought to include the type of expenditures which we incur in countries where standards are more modest, where the prices are lower, as in the case of such countries, for example, as Australia and New Zealand. In those countries you are not faced with this same problem. We are able there to provide our representatives with simpler accommodation that is quite satisfactory for very much smaller sums of money.

By Mr. Cannon:

Q. Were the mirrors in the building when it was purchased, or were they bought outside?—A. They were bought outside.

By Mr. Pearkes:

Q. Could we have a more detailed description of these mirrors? If they are great big wall mirrors, it will be an entirely different thing than if they are mirrors placed in a bedroom for a few people to see.—A. We will get all the particulars. I am told they were over 2 metres long.

By Mr. Nesbitt:

Q. I take it that the embassy in Rio de Janeiro is quite a large building, and since I understand from Mr. Macdonnell's remarks that there were no furnishings in the building when it was purchased and then the two mirrors were purchased, it brings to light a question as to another matter. When Mr. Macdonnell gives us the figures on the furnishings for the residence, could he give us, in addition, the following information: first, were there any other large single expenditures for furniture in this particular embassy; and, secondly, what was the general scheme of decor in the embassy—was it, say, eighteenth century Louis XV style of decor, or something of that nature? If a lot of the embassy was being decorated in one style and these two large mirrors were placed there, they might be a little incongruous with respect to the rest of the decor. Since Canada has these embassies abroad and entertains in them and many people from Brazil, in this case, come to the embassy from time to time, and also diplomatic representatives from other countries, might it not be a good idea that the department might keep in the back of its mind the idea, if it is not there already, of furnishing Canada's various embassies abroad with furnishings that are, shall we say, typically Canadian; for instance, Canadian paintings by Canadian artists which do not cost as much as some of the European masters, and office furnishings, rugs and so on which would give a distinctive Canadian flavour, and which might from the practical point of view help to advertise some of the products which we produce in this country, which are very fine—paintings, ornaments, rugs, and so on.—A. Mr. Chairman, on the first point, we will be glad to assemble the information requested. On the more general point, it is the policy of the department, as far as possible, to use Canadian furniture, Canadian furnishings and materials. We have put quite a number of Canadian paintings into residences abroad. There are two other considerations which we must bear in mind. One is climate. In certain climates there are types of furniture which stand up much better to heat and humidity and so on. It is sometimes preferable to purchase special furniture, although we have had very satisfactory experience with some Canadian manufacturers who are now treating furniture especially for

tropical climates which stands up well. There is another aspect, and that is that it does improve relations if we can make some purchases in the country in which the mission is situated. We do that from time to time. When we prepare these details on the Rio embassy, you will see that the bulk of the furniture, furnishings, materials, and so on, was purchased in Canada, but that some purchases were made in Brazil.

Q. I have one further remark in that respect, and that is particularly in respect to the decorations in these embassies. Things like these mirrors are essentially ornamental in character and in Canada's various embassies you could certainly use Canadian paintings which should help out Canadian artists. A majority of Canadian paintings are of a landscape nature and it would help to give these people an insight into the atmosphere of our country.

Mr. FLEMING: And they are cheaper.

Mr. NESBITT: Yes. I think that it would form certainly a metropolitan presentation. It would encourage Canadian artists to paint and would also provide them with some funds; and also these paintings would be cheaper, as my colleague suggested. The other point which I had in mind is that since the general calibre of Canadian painting is recognized as being better than fairly good, it would help show these people that Canada has made some progress in various arts as well.

The WITNESS: Mr. Chairman, we would agree with all those points and indeed endeavour to follow that policy. We purchase a number of Canadian paintings each year. Of course, the number grows as the years go by.

By Mr. Goode:

Q. I have the figures which show that the embassy cost \$341,700 and that the renovation cost in the neighbourhood of \$25,000. Before you move in, this building will cost \$366,000. I am far more concerned with that \$366,000 than I am with the \$2,000 for mirrors. When a property is purchased does the ambassador and the staff make the decision, or have you a qualified person in your department who assesses the value of the property?—A. Our first step, Mr. Chairman, is to seek an appraisal and evaluation from two competent professional appraisers in the country concerned. Obviously, appraisals may be very far below the asking price, in which case no further progress is made. If the appraisal shows that the price is reasonable in terms of local costs, then the department will consider whether it should submit the proposal to the treasury board, and then the treasury board will approve it or not as it sees fit. However, we do seek independent qualified professional judgment on the asking price.

By Mr. Fleming:

Q. May I ask, when you bring your statement in, would you include in it a review of the inventory of furniture purchased for that figure of \$94,000 so that we will have an opportunity of comparing other items as well as the two mirrors?—A. Certainly.

Q. I do not want to labour the point because you are bringing in the statement, but I think, not only in this but in other years, that there is some feeling in this committee against allowing a completely free hand to local people to go ahead and purchase properties and equip them in a palatial way just for the sake of making a good show and putting Canada in a race to keep up with the Joneses. I think you will appreciate the concern of the committee in seeing that extravagance is carefully avoided in doing whatever is necessary to provide our representatives abroad with suitable accommodation.—A. We have that very much in mind. The only comment I would make at the moment

is that it is not left to local people to make decisions on the scale and type of furnishings; that is something that is very carefully examined here in Ottawa.

By Mr. McMillan:

Q. Is our representation in Rio more pretentious than that of countries of similar size?—A. No, sir, it is not. The residence in Rio is larger and more expensive than it has been found necessary to provide in a great many other countries. We are simply meeting local conditions as we face them.

Q. Our residences, as you call them, are not more pretentious than those of countries of similar size?—A. That is quite so.

By Mr. Goode:

Q. Have you any information as to what other countries of similar size and importance to Canada would have paid for their embassies in the same place?—A. We might or might not be able to obtain those figures.

Q. Would you take a look when you go back to your office and see whether you have any information on that. I think that Mr. Fleming would be interested also in finding out whether some other country of the same diplomatic importance as Canada has bought an embassy in the last few years and how much they paid for it?

By the Chairman:

Q. In connection with this matter, does the Department of External Affairs follow a pattern established by other countries?—A. We must have some regard to what other countries are doing in a given capital?

By Mr. Cannon:

Q. Last summer I had the opportunity of going to Ireland. While I was in Dublin I visited the residence of the Canadian ambassador and, frankly, I found it very inadequate. I am wondering whether the department has any plans to improve the facilities in Ireland for the residence of our ambassador?—A. May I ask Mr. Matthews to answer that question?

Mr. MATTHEWS: We would agree with you completely that the house in Ireland is inadequate and not suitable. We are at the moment having an investigation made as to possible other purchases, or the cost of building something else. This is an old house and was bought in the war years when we had to buy something and it certainly has to be changed. I understand that about six people can sit in the dining room if the ambassador is sitting in the fireplace.

Mr. CANNON: There is hardly room for the family of the ambassador there.

Mr. MATTHEWS: It is completely inadequate.

Mr. CANNON: I am glad to hear that you are going to do something about that.

I also went to Rome and had an occasion to visit the Canadian embassy and chancellery there. The ambassador there is living in a rented flat which is inadequate. I am wondering what the plans of the department are to improve the situation there?

Mr. MATTHEWS: We have been making inquiries over a period of years in this connection in Rome. It is another place where the final solution will be a very expensive one and that is why we are taking a long time to make up our minds. We have been exploring the possibility of buying a separate house, and we have been looking at the possibility of building. This is one of the points which was covered by Mr. Leger when he appeared before the com-

mittee. We are examining it and I do not think we will move quickly because the standards are high and the cost is high. It will be an expensive proposition.

Mr. CANNON: Have you considered the possibility of using the building which exists now?

Mr. MATTHEWS: That is one of the problems which has been studied. The first reaction of the people who studied it was not favourable, but we have not given up the idea.

Mr. CANNON: I visited it with our ambassador and I think that it would be possible to fix that up and that it would probably cost a lot less than building a new building.

Mr. MATTHEWS: When you get into the reconstruction of an old building you find a great many difficulties on which you had not figured, and to estimate the cost is almost impossible. We have not discarded the idea, but it is a plan which we would undertake only after very careful examination.

Mr. CANNON: Of course, that is a facet of the problem which has to be considered. Has the chancellery been moved?

The CHAIRMAN: Mr. Cannon, we have dealt with this problem before. However, if you just have one more question it will be all right.

Mr. CANNON: This is my last question.

Mr. MATTHEWS: I do not think that they have moved into the new chancellery yet but should very shortly.

By Mr. Fleming:

Q. Perhaps Mr. Macdonnell would look at page 88 of the proceedings. It is the appendix to the minutes of proceedings and evidence No. 3. First of all, in regard to Egypt you show there, in this year's estimates, operating expenses budgeted for of \$107,850, and capital \$32,500. Would you tell us what your plans are with respect to Egypt? I was there a year and a half ago just at the time that you rented that building or villa which was going to serve the combined position of chancellery and residence. Will you trace what has happened since that time?—A. Mr. Chairman, the residence lease was to expire on April 30, 1956.

Q. That is, of the building of which I am speaking which was rented in 1954?—A. Yes. That was furnished when it was rented. On the assumption that we might have to furnish a residence, we have included in our estimates \$25,000 to cover a partial furnishing scheme.

Q. What is to be the future of the building? You say the lease expired on April 30?—A. Yes.

Mr. MATTHEWS: All I know about Cairo is that it is a rented flat for the ambassador which I am told is very good. The minister was there this year and came back with very favourable reports about it.

Mr. FLEMING: Did the building that was serving as combined chancellery and residence in 1954 pass from the possession of the government on the expiry of the lease on April 30?

Mr. MATTHEWS: It was opened in October. Mr. Kirkwood was due to arrive in October 1954. The building was substantial and quite adequate. You say as a combined chancellery and residence?

Mr. FLEMING: Yes.

Mr. MATTHEWS: I am not sure what took place at that time.

By Mr. Fleming:

Q. We will leave it for the present and come back to it again. May I now pass on to France. Operating expenses are \$478,681 and capital \$264,845.

Am I wrong in thinking that we had completed our building program in Paris?—A. We have only started the building program in Paris for the chancellery. The first stage was to demolish the structure which was originally on the site. That has been done and this summer construction is proceeding on the office building.

Q. Is this appropriation of \$264,845 of capital going to see us through the building and furnishing program to its completion?—A. That amount is what we estimate we will spend in the present fiscal year, but it is not the total anticipated expenditure.

Q. What more would remain after that?—A. Mr. Chairman, as I think we have indicated, progress has been a little slower on the office building in Paris than had been anticipated. The total cost, as estimated, is \$585,000; of that we had spent \$45,000 up to December 31, 1955. The demolition of the existing structure on the site and the excavation of the foundation of the new building required more time than had been estimated. Therefore, we do not expect that the building will be completed until well on in the fiscal year 1957-58. Provision has been made in the 1956-57 estimates for \$225,000 to cover the expected progress of construction in this fiscal year.

Q. The figure here is \$264,845,—A. That would be for additional capital equipment, cypher equipment, and so on, which is all lumped in the same heading.

Q. We can expect another \$300,000 in next year's estimates on capital account for Paris?—A. That is right.

Q. Now, the operating expenses in Paris are higher than in any Canadian post abroad with the exception of the United Kingdom, and almost as high as the United Kingdom and about the same as Washington. Are you satisfied that they need to be that high?—A. We think that the staff is about the right size. It is a large staff and there is a lot of work to be done there. That is one factor in the total cost of the office; now there is, of course, the fact that the cost of living and prices generally are fairly high in Paris, particularly as compared with other places where we have big posts.

Q. What is the scale of prevailing living allowances to take care of local variations?—A. There is a standard scale, a graduated scale, that applies to all foreign service employees and all foreign service officers. We use the cost-of-living index that is compiled by the Bureau of Statistics post by post. We apply that to the standard scale.

Q. What is the figure which you are using for Paris?—A. I am sorry, Mr. Chairman, that we do not have the list of indices.

Q. It would not be hard to obtain that for the next meeting?—A. No.

Q. Would you give it to us for Paris, London, Washington, and Rio de Janeiro, please?—A. Four posts?

Q. Yes.—A. Certainly.

By Mr. Stick:

Q. Mr. Chairman, regarding the operations of the Paris embassy, are our representatives at NATO housed in the embassy at Paris?—A. No. There are separate quarters, both residential and office.

Q. The expenditure for the embassy there does not include the NATO representation?—A. You will find they are listed separately. There is the embassy item and an item under France, North Atlantic Council. They are separate.

Q. Our representatives which we have for NATO have separate quarters in Paris to the embassy?—A. Yes.

By Mr. Starr:

Q. What is our present representation in Austria, and what are the plans for future representation in Austria?—A. That is a little out of my field because whatever plans there may be are after all governmental plans.

Q. What is the present representation?—A. We have a resident chargé d'affaires. The ambassador in Berne is also accredited as minister to Austria and pays visits to Vienna.

By Mr. Fleming:

Q. In your estimates there is no provision for representation being instituted for any countries where we do not now have representation?—A. That is right.

Q. If we were to institute representation or exchange representation with any countries where we do not now have representation, would it require a supplementary estimate?—A. If we required more money that is the only way we could obtain it.

Items 94 and 95 stand.

The CHAIRMAN:

Item 114. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, \$500,000.

By Mr. Fleming:

Q. This is a new item, Mr. Chairman. We never had a vote of this nature before. Would Mr. Macdonnell enlarge on it a bit and indicate how long this is likely to continue?—A. By June 30, 1955, we had contributed a little over \$4 million to this organization and its predecessor, United Nations Relief for Palestine Refugees. Canada was indeed the fourth largest contributor. This is a problem which the minister mentioned when he was before the committee at one of its earlier meetings. It is an exceedingly difficult question and probably the central point of the Palestine problem. The cost of the maintenance of refugees at their present subsistence level is about \$27 per head per year and that maintenance is an essential condition of any improvement in Israeli-Arab relations and in maintaining law and order in the border area.

The financial burden involved must be shared by the members of the United Nations as one of their contributions to the maintenance of peace. We have supported this program for a number of years, and the request that is before us is for a continuation of this contribution.

Q. Are any of the countries behind the iron curtain contributing to this fund at all?—A. No.

Q. They are creating a lot of trouble in that part of the world but not a copper are they contributing to even provide subsistence for those large numbers of refugees who are a serious problem in that part of the world. May I ask which are the three contributors which are larger than Canada?—

A. These are the aggregate contributions up to June 30, 1955: the United States, \$137 million; the United Kingdom, \$38 million; France, \$11 million.

Q. And what is Canada's total?—A. \$4,070,000.

Q. There is quite a drop there.

By Mr. Goode:

Q. When we spend half a million dollars there does it mean that half a million dollars of Canadian products go to that country?—A. There have been occasions when part of the contribution has been in the form of Canadian products. For example, in 1955-56 \$300,000 of our contribution was to be contributed in wheat. Unless there is some special qualification of that sort made, the funds are simply turned over to the organization and they buy throughout the world.

Q. I noticed on a television program the other night over the CBC an allocation to individuals was being given and a large flour company had containers with its name on them. I think that it would include, most likely, Canadian flour. In this \$500,000 have you any idea how much of that would come from Canada, or is that anticipating it too far ahead?—A. We think that it is anticipating further than we can go.

By Mr. Nesbitt:

Q. Mr. Macdonnell mentioned the three countries which gave the major contributions. What other countries are there, if any, who contributed to this plan, and can you give us an idea of the amounts they gave?—A. Up until a year ago Australia had contributed \$1,500,000 and New Zealand \$950,000.

Q. Have any of the South American countries given anything?—A. I could not say for certain. I do not have the full scale of contributions.

By Mr. Fleming:

Q. The great load is falling on the United States, the United Kingdom, and to some extent France.—A. They are certainly the principle contributors.

Q. It is a problem which the world seems to be making no progress with whatsoever. Is that not a fact?—A. Certainly the prospects for a solution seem to be about as remote as they have been in recent years.

By Mr. Goode:

Q. But there has been progress in respect to the treatment of these people. I noticed in the same television program the other night that the children are being given proper schooling, medical services, and that there is some progress being made in respect to showing these people what a good standard of living means to them.—A. It has been possible to provide accommodation and some degree of medical care, education and so on; but it is still a question of maintaining those refugees in camps and very little progress has been made toward the real solution of finding some productive life for them elsewhere.

By Mr. Nesbitt:

Q. Who administers this?—A. This is a United Nations organization which has its own budget and its own international officials.

Q. Do you know from what country the officials come who administer this under the United Nations?—A. I do not know in detail, but I think one would find that a good many nationalities are represented on its staff.

Q. Do you know to what extent, if any, the Israeli people are represented on this?—A. I think it would be to a very limited extent. I believe it has been found that more progress can be made if the people who are doing the administration come from somewhere outside the area.

Q. Has there been any complaint that the department has heard here about losses of people in the camps? In other words, that the births are recorded but that the deaths are not?—A. I have heard no criticism on that score. The problem seems to be that with an accurate recording of deaths and births the population remains constant or even increases.

By Mr. Fleming:

Q. There is no indication that the Arab countries surrounding the area in question are opening their doors to take in any of these refugees—either Jordan, Syria or Egypt?—A. I know that the administration is constantly exploring that problem with the governments of the neighbouring countries and from time to time it is possible to re-settle very small groups of people. I think it would be fair to say that no appreciable change in the situation results from those arrangements.

By Mr. Nesbitt:

Q. Since it seems almost impossible to settle these people in the surrounding Arab countries, has any serious thought or consideration been given to obtaining a piece of land elsewhere, for instance in trust territories or sparsely settled territories for the settlement of these people?—A. I think it would be fair to say that every possibility has been examined. This is a question which is considered every year by the general assembly of the United Nations.

Q. I had in mind some of the territories in Africa which are controlled by France, or, possibly, a country such as Ethiopia.—A. It is a big problem to move hundreds of thousands of people—

By Mr. Fleming:

Q. And they do not want to leave their own part of the world, I imagine.—A. No, they are very determined to be settled if possible in the place they originally came from.

Q. Some of them are within sight of their former homes from which they were expelled; they are not going to take their eyes off their homes.—A. That is the case.

Mr. NESBITT: It does not look as though they are getting any place at the moment.

The CHAIRMAN: Shall the item carry?

Item agreed to.

Item 115. To provide for the cost of Canada's participation as a member of the International Commissions for Supervision and Control in Indo-China including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of commissioners, secretaries and staff by the Governor in council; and to ratify the appointments made by the governor in council to the said Commissions and the salaries relating thereto fixed by the governor in council prior to the current fiscal year, \$564,500.

Mr. FLEMING: I see there is a decrease in this item this year, Mr. Chairman, of \$140,500.

The CHAIRMAN: Have you any objection?

Mr. FLEMING: I was wondering whether we could have an explanation.

The WITNESS: Yes, Mr. Chairman. When we put together the estimate for the previous fiscal year we really had next to no information, because we had just become members of the commission; we could only attempt a very rough guess at what our expenditures would be. This year it has been possible to estimate, we think, a little more accurately.

By Mr. Fleming:

Q. What was the amount of expenditure in the last fiscal year—1955-56?—A. Our estimated 1955-56 expenditure was \$428,500.

Q. There goes the decrease. We see what looks like a decrease, but when we come to examine it more closely it is actually an increase over last year's expenditure. However, I am not saying that critically with regard to this item.

By Mr. Stick:

Q. What are the chances of our getting this money back?—A. I think Mr. Chairman they are fairly good.

Q. After all, we are expending this money on behalf of the commission, and it appears that the commission which sent us out there has made no provision for reimbursement. Could we be told what arrangement has been made for settling this business? How are we going to get this money back?—A. We and the other commission powers—India and Poland—agreed at the beginning that we would each be responsible for the pay and allowances of

the personnel who were sent to Indo-China, and that the other expenditure should be a charge on the general administration of the commissions. The countries in which the commissions are operating—we are dealing with four entities—north and south Vietnam, Laos and Cambodia—are obviously not in a position to bear very heavy international expenditures and consequently the great powers represented at the Geneva conference—the United Kingdom, France, the U.S.S.R. and communist China—undertook to make contributions to what has come to be known as a common pool, and we are submitting accounts regularly for expenditures other than those on pay and allowances. We have every expectation that eventually we will be reimbursed. We have, in the last few weeks, got back the first advance we made—we put up \$100,000 in August of 1954, as did Poland and India. That has been returned to us, and there is every expectation that these additional sums will be reimbursed, but these things take time.

Q. How long do you expect the commission to be out there? Have you any idea?—A. I would hesitate to hazard a guess, Mr. Chairman. We are anxious either to reduce activities of the commissions or, in some circumstances, to bring them to an end, provided we are satisfied that their job is done; but it is difficult to say when that time will come.

Q. It seems to me that the commission which sent us out there and which asked us to go could do more than it is doing. We have spent a considerable amount of money in the last couple of years, and we have only got back \$100,000.—A. Nevertheless I think we will be reimbursed for a good many of these expenditures.

By Mr. Fleming:

Q. What proportion of the total expenditure under the Geneva agreement with respect to Indo China is being paid by the other signatories as against the countries behind the iron curtain?—A. We have not a great deal of information on how this matter is being handled; it is being done by the United Kingdom, France, the Soviet Union, Communist China, plus the four states—the four entities—in Indo China, and we have not inquired too closely into the sharing arrangements which they make; we do not feel it is of direct concern to us.

By Mr. Crestohl:

Q. How often are our personnel relieved or changed around?—A. The normal tour of duty is one year, and most people find that is quite enough.

By Mr. Fleming:

Q. You are speaking from personal experience?—A. My period of duty there, Mr. Chairman, was much shorter than that, but I would personally endorse that view.

By Mr. Stick:

Q. Are the powers who are contributing to the common pool contributing equal amounts or proportionate amounts? Is the United States contributing the same amount as communist China?—A. The United States did not become a party to this agreement and they are not making any contribution. The other four powers have worked out these arrangements among themselves; there is no obligation, no fixed proportion; it is a matter for negotiation among themselves.

Item agreed to.

The CHAIRMAN: That is all for today.

Mr. FLEMING: What items have we left?

The CHAIRMAN: Items 92, 94, 95, 109 and 110.

General Macnaughton will be before the committee this Thursday; after that he will have to leave for quite some time.

Standing Committee on, 1956
HOUSE OF COMMONS

THIRD SESSION—TWENTY-SECOND PARLIAMENT

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27
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STANDING COMMITTEE

ON

CITY OF ILLINOIS
EXTERNAL AFFAIRS

Chairman: MAURICE BOISVERT, Q.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

THURSDAY, JUNE 14, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

Statement by General A. G. L. McNaughton, Chairman, Canadian
Section, International Joint Commission

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.

and Messrs.

Aitken	Goode	Michener
Arseneault	Hansell	Nesbitt
Balcer	Henry	Patterson
Breton	Huffman	Pearkes
Cannon	James	Richard (<i>Ottawa East</i>)
Cardin	Jutras	Starr
Coldwell	Knowles	Stick
Crestohl	Lusby	Stuart (<i>Charlotte</i>)
Decore	MacEachen	Studer—35.
Fleming	MacInnis	
Garland	MacKenzie	
Gauthier (<i>Lac-Saint</i>	Macnaughton	
<i>Jean</i>)	McMillan	

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, June 14, 1956.

The Standing Committee on External Affairs met at 11.00 a.m. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Boisvert, Breton, Crestohl, Fleming, Gauthier (*Lac-Saint-Jean*), Goode, Henry, James, Knowles, MacKenzie, McMillan, Mitchener, Pearkes, Starr, Stick, and Stuart (*Charlotte*).—16

In attendance: General A. G. L. McNaughton, Chairman, Canadian Section, International Joint Commission; Miss E. M. Sutherland, Secretary; Mr. D. G. Chance, Assistant Secretary; Mr. J. L. MacCallum, Legal Adviser; Mr. E. R. Peterson, Engineering Adviser; Dr. M. Katz, Chairman, Canadian Section, Technical Advisory Board on Air Pollution.

Mr. Goode raised, as a question of privilege, the misinterpretation by the Vancouver Province of certain evidence taken at a meeting of the Committee held Tuesday, June 12, 1956.

The Chairman introduced General McNaughton and suggested that members might question him concerning his statement made before the Committee on Thursday, June 7, 1956.

During the course of questioning General McNaughton referred to the following topics:

- (a) Waters flowing from the Yukon through the Province of British Columbia to American territory.
- (b) Proposed development of the Columbia River.
- (c) Kootenay River—Libby Dam Proposals.
- (d) Fraser and Thompson Rivers.
- (e) Salmon Fisheries.
- (f) Proposed developments on Mica and Murphy Creeks.

It was suggested by a Member of the Committee that a Commission comprised of technically qualified members would be in a better position to review the operations of the International Joint Commission than the Standing Committee on External Affairs. However, as this view was not unanimous the Chairman promised to give the problem further consideration at some future meeting.

During further questioning of General McNaughton reference was made to the control of water levels of Lake Ontario and the St. Lawrence River.

The following documents were filed with the Committees and copies will be distributed to members:

1. Report of Senator Richard L. Neuberger to Senate Committee on Interior and Insular Affairs on Problems of Development of Columbia River Basin in Canada.

2. Statement by Len Jordan, Chairman United States Section International Joint Commission before Senate Committees on Interior and Insular Affairs and Foreign Relations March 22, 1956, Washington.

The Chairman thanked General McNaughton for his services to the Committee and at 1.00 p.m. the Committee adjourned to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

THURSDAY, June 14, 1956,
11.00 a.m.

The CHAIRMAN: Order gentlemen.

Mr. GOODE: Mr. Chairman, on a matter of privilege, I have before me a copy of the Vancouver Province of Tuesday, June 12 and in it is an article by a very reputable newspaper man, for whose stories I have the greatest admiration. In this case there seems to be a mistake and I would suggest that it comes, perhaps, from the copying in the city of Vancouver. In the report of our last meeting—we were speaking about Mr. Morin—it says this:

Mr. Goode said he was not satisfied with the explanation, but the committee chairman, Mr. Maurice Boisvert, a liberal from Nicolet-Yamaska, Quebec, said: "That is enough. Don't press him any further".

I have before me, Mr. Chairman, the minutes of our last meeting and I said this on page A-12.

I would like to know the details why Mr. Morin was brought back to Ottawa. If you consider that we should not do that I am not going to press my question.

And you, Mr. Chairman, said:

I would have thought that what Mr. Macdonnell has already said is enough and I would like you not to press the question further.

I agreed that I should not press the question at that time; I think the understanding of the two situations is entirely different, and I want to bring the matter to your attention.

The CHAIRMAN: Now, gentlemen, if you have any questions to ask, General McNaughton is willing to answer them.

General A. G. L. McNaughton, Chairman Canadian Section, International Joint Commission, called:

Mr. McMILLAN: Mr. Chairman, I have read over the report submitted by the chairman of the United States section of the International Joint Commission, Mr. Len Jordan, in which he takes certain exceptions to the report of General McNaughton and since the General is familiar with that report I wonder if he would cover it without our asking questions—just let him go on from one section to the other. I think that would expedite the proceedings of this committee.

By Mr. Goode:

Q. May I be allowed to ask General McNaughton a question so that he may answer the two questions together: on page 333 of our minutes of proceedings of June 7 you said in your statement, General, that the commission has received from the United States government a suggestion that a reference should be made to the International Joint Commission on these matters—you were speaking in general. In a Southam newspaper service dispatch under the by-line of John Walker, printed in the Ottawa Citizen lately, the statement

was made that the United States denied having made a request to Canada to refer this matter to the International Joint Commission. There is an absolute difference of opinion there and I wonder if you would comment on it at the same time as you deal with Mr. McMillan's question.

I think you understand which reference I was speaking about, General McNaughton.—A. Mr. Chairman, I have not been able to put my hands immediately on the press report referred to but I recall very well that when I was speaking to the committee on the last occasion I was referring to an item of some \$25,000 which the commission had asked for in order to commence the studies on waters flowing across the boundary from the Yukon Territory in northern British Columbia into Alaska and into the Panhandle. I mentioned that the reason for the commission putting forward that proposal was an intimation that we might expect that shortly we would receive a reference from the United States for a study of those waters. I have checked up that report which I gave you because of the fact that this item in the Ottawa Citizen of June 12 was drawn to my attention last night. I have looked at the facts of the statement, and what I said is factually and in every other way correct.

Q. Well, the United States news story, then, is entirely wrong?—A. I do not understand the United States news story. It is incorrect. It speaks of "causing some confusion over a statement". It is one of that kind of stories that is very difficult to contend with because there is an inference without statements of fact in it. I repeat again, Mr. Chairman, that the statement I have made gives the information correctly. There has been an intimation that these waters should be studied; we know that, and I do not understand why some official in the United States should want to deny it. We have nothing to hide with regard to this; we are prepared to study anything. Perhaps one of the things we are not prepared to do is to give Canadian resources away to anybody.

Mr. FLEMING: Hear, hear.

By Mr. Pearkes:

Q. First of all, a question on the matter which General McNaughton has just referred to—the study of these waters flowing into the Panhandle. Is the situation regarding the spawning of the fish in those waters being considered? These fish spawn in Canadian waters but Canadian fishermen cannot catch them because they go out into United States—Alaskan—waters. That is, no doubt, a side issue but it is an important one as far as the fishing industry is concerned and it might be a bargaining point to raise when you are discussing these matters. I only want that to be considered; I have some other questions regarding the Columbia river at the appropriate time.—A. May I answer General Pearkes' questions, sir? The point in this reference is that the source of the salmon, by spawning, is in most of these upper waters in Canada. That is a very potent fact and one which needs the most careful consideration in every way. We have not as yet had a reference on these waters flowing from the Yukon Territory in northern British Columbia into Alaska and across the Panhandle so no proposals for the organization of the commission's studies in that region have so far crystallized but I would like to mention that in the references we already have where waters are under consideration which raise the consideration of salmon spawning, the commission, with the closest collaboration of the Department of Fisheries, is insuring that the studies relating to salmon are carried out in the most effective way possible. In fact, in one of our recent references on the St. Croix river—this is not a river which flows from one country to another; it is a boundary water in this case—the Department of

Fisheries has made available to us as co-chairman of one part of the investigation Dr. A. L. Pritchard from that department, so the fishery authorities will have a first-hand opportunity to take part in all the public hearings and in any of the studies that go on in order to see that the salmon are properly looked after. We have already intimated to the Department of Fisheries that in future references we would hope and expect to receive from the department the same kind of intimate cooperation that we are getting in regard to the work we have presently in hand.

The CHAIRMAN: You have a question on the same line, Mr. McMillan?

By Mr. McMillan:

Q. I read this report over; it goes into the availability of water. I think you mentioned that the storage on the upper Columbia river was 15 million acre feet.—A. That is right.

Q. It goes into the terms of reference, and the diversion of water from one river basin into another; he takes issue with you with regard to certain aspects, and I was wondering whether, without being questioned, you would have some comment to make on it. Or would you prefer to have questions?—A. I could make a general comment on it and if that satisfies the committee with regard to the business we are on, all right. Otherwise I would not like to close off any members' questions, because it is very difficult in a brief statement to be sure that one has not overlooked some vital piece of information.

Q. How about this first—as to the availability of 15 million acre feet of water? They claim it would not be so much over a certain number of years.—A. Well, Mr. Chairman, I would like to say first of all that the controversy between the two sections of the commission is in general terms represented by my statement of the Canadian position and the offer which we in the commission have put forward to provide a basis for a temporary solution, and the rejection of that offer, is what Governor Jordan's statement amounts to. I would like to say this with regard to it: that the position indicated by Mr. Jordan in that statement has, since it was issued, been very considerably modified.

The extreme position taken there is not being maintained, I am very happy to say, by my colleague Mr. Jordan in the evidence which he has given before Senator Murray's committee of the senate which was set up to inquire into this matter; I think his recent statements are very much more realistic, let us say, and very much more in accordance with the law as represented by article two of the Treaty of 1909. In fact I would like to say I feel very considerably heartened by this more realistic—shall I say—appreciation of the rights of Canada in these great rivers of the west and I hope that either by the process of diplomatic negotiation, which has been indicated by the government, or by a continuation of the authority of the commission to go on with discussions, a satisfactory solution may be reached.

Mind you, in these matters we are dealing with references; what we put forward and what we discuss is merely to see whether we can agree in the commission on suggestions to be made to the two governments. In the references, as distinct from some of the applications to the Commission, we have no jurisdiction to settle these matters; we are there merely to elicit the facts as well as we can, to try to draw proper conclusions and put forward proposals. As I say, while the governments have taken responsibility to undertake these reconciliations by diplomatic exchange of views, at the same time they say this in the public statement approved by both the Department of External Affairs and the State Department:

At the same time the two governments desire that the International Joint Commission shall press forward its studies on the Columbia river basin of 1944 and the other references which it has under consideration.

I am told that by "pressing forward" in these matters it means we should not feel ourselves debarred from discussing any aspects which might appear to be useful in trying to rationalize and to reconcile views and enable us to put forward some suggestions.

In that connection in relation to the floods on the Kootenay river which have been very severe in the early part of this month I had a telegram from Governor Jordan who was out in Idaho at the time and perhaps, with your permission Mr. Chairman, I might read that together with the reply because I think it is the kind of information which the committee would like to have.

The CHAIRMAN: Is it the pleasure of the committee to have the statements read?

Agreed.

The WITNESS: At the same time I may say there is another article in the Vancouver Herald quoting Governor Jordan which I only received this morning and which contains a certain misleading statement. I would also like to refer to this, because when I get back to the office I shall telegraph Governor Jordan asking for a correction.

This is the telegram which I was sent on June 8.

1956 June 8
WASHINGTON, D.C.

General A.G.L. McNaughton,
Chairman Canadian Section,
International Joint Commission,
Justice Building, Ottawa, Ontario.

Current floods on Kootenay have already caused damage of several millions of dollars and have again emphasized urgency of need for flood control storage on Kootenay above Bonners Ferry therefore urge all possible expediting of studies in Canada to permit earliest possible consideration of Libby application in order that development of this section of the Columbia basin particularly for flood control may proceed without further delay.

Len Jordan,
Chairman United States Section
International Joint Commission.

I did not see that until my return to the office. This telegram was then sent in reply.

13 June, 1956.

Honourable Len Jordan,
Chairman, United States Section,
International Joint Commission,
Room 792, Federal Trade Building,
Seventh and Pennsylvania Avenue N.W.,
Washington 25, D.C., U.S.A.

Reference your telegram 8 June 1956 received 11 June reporting heavy flood damage on Kootenai. Your request that Canadian studies re Kootenay be expedited to permit earliest possible consideration of Libby application has been referred to appropriate department of Canadian government but I believe that studies are now proceeding as rapidly as available resources permit. However having regard to immense benefits to Canada which require evaluation in detail I do not think early completion can be expected. You will recall offer made to U.S. Section

on 5 April 1955 to discuss a modified project at Libby subject to conditions then given. This might be of interest for flood control for lower Kootenai. This offer to discuss conditions on which the 37 feet of flooding into Canada might be permitted still remains open.

A. G. L. McNaughton,
Chairman Canadian Section,
International Joint Commission.

The proposal to which I referred is set forth in the documents which have been printed. In brief it was that while we could not accept the United States application for Libby (by the way, in that case I am referring to the Canadian section of the commission, because the position of the governments has not yet been finally stated)—as far as the Canadian section is concerned we could not accept the proposal for a dam at Libby which would have the effect of raising the waters 150 feet at the boundary and causing them to flow back into Canadian territory for a distance of some 42 miles.

We could not accept that proposal or conscientiously recommend it to the government of Canada because of the immense—and I use that word advisedly—the immense sacrifice of resources which, in every law of right and reason belong to Canada in the right of British Columbia. I think that in one of the tables which have been published you will see a comparison of the value of an amount of water which I think I took at 5,000 cubic feet per second average flow throughout the year. I had the power worked out on the basis of what would happen if the flows were allowed to continue down the Kootenay into the Columbia and so forth into the sea carrying these very large downstream benefits to the United States. In comparison I took that same flow around through the power stations from Columbia lake and the Bull River-Luxor dam at 2,710 feet above sea level, then into Mica creek down through Priest and into the Little Dalles dam and then through the diversion into the Fraser, and through the thousand feet or more of effective head.

I took the figure of 5,000 cubic feet per second and worked out the energy developed. First I worked out the net benefit to Canada of that project—something of the order of 5 or so billion kilowatt hours per annum which would have been a sacrifice, and perhaps I can use the word “sacrifice” advisedly because the United States in their discussion of the Libby application had refused point blank to discuss any compensation whatever for Canadian resources used in the project. Both British Columbia and the government of Canada in their Statements in Response made it a condition for any consideration whatsoever of this proposition that due recognition should be given for the use of our resources. That was the first point on which this Libby application failed.

I must say that the attempt of the United States to raise this business again and get the commission to consider Libby is, to my mind, fruitless because they already know the firm position which has been taken and the firm views which have been expressed and the logical basis on which the Canadian section of the commission has arrived at these views which have been presented to this committee; and from the response which they received in this committee on the last occasion I feel we are not only expressing our own considered views but that we have a very wide measure of support, if not a unanimous measure of support, for the opinion we have expressed that these resources of Canada must be conserved for the benefit of the Canadian people, and are not going to be given away to anyone.

Mr. FLEMING: That goes for any resources.

By Mr. Goode:

Q. Mr. Chairman, the member of parliament for Kootenay West, Mr. Herridge, is in the committee room at the moment. He intended to be a member of this committee this morning but through an oversight he is not yet a member—replacing someone else of his own party—

Mr. FLEMING: May I interrupt? There is no reason, I think, why Mr. Herridge should not be permitted to ask questions if it is the wish of all members of the committee that he may do so.

The CHAIRMAN: If that is the pleasure of the committee, I have no objection.

Mr. GOODE: I would agree with Mr. Fleming. Mr. Herridge is an expert on Kootenay river matters and if the committee would allow it I would certainly think he should ask his own questions.

By Mr. Herridge:

Q. General McNaughton, I listened with great interest to your statement about Governor Jordan's statement with respect to the Kootenay situation, and I am very glad you corrected it. Also there was some reference to 14 miles of flooding in Canada, whereas it should have been 42 miles. A. I had really intended to go on to that point.

Mr. Jordan, in this press release in the *Vancouver Herald* of June 12 refers to the backwater of the Libby dam which would create above 5 million acre feet of storage and extend 14 miles into Canada. He got the storage which the dam will create about right, so he is obviously thinking of the dam which was described in the United States application, but he says: "Would extend 14 miles into Canada" whereas in point of fact that flood would go 42 miles back into Canada. Moreover, it does not go in like a lake. If it did, conditions of life on either side would be tolerable because the communities would have water contact from one side to another. This water goes in, and is used, from nothing or below at the boundary to the full amount or depth of 150 feet, so you would have a fluctuating tongue of water running right across established communities—and the communications which they require, as the areas develop—and it is certain to develop—will be a most important asset to the people enabling them to move freely as they wish.

This scheme would mean water running 42 miles up the river in between muddy banks over a muddy bottom, going up and down from time to time at the whim of the United States as they draw the water down for the benefit of their power plants down river, with no compensation whatever to the Canadian rights affected. They have offered to pay for the movement of certain of the roads, the moving of two railroads, certain telegraph lines and other communications; there are a few schools to be relocated and they have even offered to pay for the rehabilitation of our settlers in the bottom of the valley, but these are all out of pocket expenses and no attempt has been made to meet the requirement of the government of British Columbia that compensation should be paid for resources used in the project. There has been no suggestion of compensating British Columbia and the Kootenay district for the loss of communications from one side to the other and I think it is terrible that they should keep on with this unrealistic proposal for this Libby dam when the Canadian Commissioners we have certainly made it clear in the commission that we cannot entertain it.

Q. On that point, I had the opportunity of discussing this situation with one American senator and a number of American officials who have told me they think Canada and British Columbia were fully justified in wanting some compensation for downstream benefits, and I think there has been a growing concern among a large section of public opinion in the northwestern states

with regard to the attitude—the inflexible attitude—of the chairman of the joint commission. On that question I understand that Senator Murray of the committee on Interior and Insular Affairs instructed Senator Neuberger to visit the area and make a report to his committee. That report has been considered by the committee recently, and I have had the pleasure of reading some of the recommendations in it. Would you, General McNaughton, say that if Governor Jordon's attitude has been modified it has been as a result of the discussions in that committee, and would you care to make any comment on Senator Neuberger's visit and report?—A. I will be happy to do so, but before turning to the report I would like to deal with the part of the question which referred to the modification of the attitude expressed by my distinguished colleague on the commission. It is true that there has been a modification or, shall I say, an approach to our point of view on this matter—within limits, it is true—in the committee on Interior and Insular Affairs presided over by Senator Murray and brought to light by the report by Senator Neuberger to which Mr. Herridge has referred.

In brief I would say that Governor Jordon has made it clear, now, that he favours and considers it essential that states which store water upstream for the benefit of power plants downstream should receive due and proper recompense for that most valuable service. He intimated that the suggestions I have made as to the basis of the recompense are extravagant, to put it mildly, but I would like to say in this committee, for the record, that neither here nor in any other place have I stated precisely what Canada should receive for these benefits and the reason I have not stated this is because I believe that the amount per kilowatt hour or whatever basis we use, should be the subject of bargaining, when we go to the bargaining table, to see just what the arithmetic is of any proposition which may be recommended to the governments.

In fact I think that on the last occasion I appeared before this committee, when this matter came up, I said that these arrangements had to be arrived at as a matter of bargaining and that a bargain, to be any use at all, had to be beneficial to both parties. If that did not indicate a certain flexibility in determining the arithmetic of these things I do not know how I could have said it more clearly. What I have brought to the committee's attention in the past I would like to bring to your attention again this morning if I may sir, namely that when we have stored water in these great reservoirs we plan on the Columbia, and release it to suit the requirements of the United States we are providing a substantial increase in flow at the times when the Columbia is in a state of low water and when a portion of the power plant system would otherwise be idle for lack of water.

Their load requirements go on, and if we did not give them water in a regulated flow their turbines and associated generators would need steam plants to supply them during the period when they were affected. Now we have made a careful study of thermal energy and its cost in the Pacific northwest, particularly with regard to what it costs to install and operate thermal plants. On peak it is going to call for an energy cost of something of the order of 8 mils and we know that even if they run their thermal plants at base load the cost involved would be about $5\frac{1}{2}$ mils, whereas the cost of hydro electric operation in the Bonneville system at the moment is just on two mils; they charge more, but the actual cost is about two mils. So there is a "spread" in costs to fill in this big difference between the base load cost of two mils and the replacement cost at about 8 mils.

The value of our storage to the United States is somewhere approaching what it would cost them to provide the same service—a necessary service which their people must have—in the most economical alternative way. Our friends from the south are constantly raising the question of the extension of nuclear

power with regard to this question and I have here one of the papers which was presented the other day to the Murray committee of the Senate to which reference has been made. Perhaps I might be allowed just to refer to one aspect of this for a moment because it makes very clear, now, that this business of bringing in nuclear energy is not something which is going to be effective at this moment; it is something that we can hope will be very helpful somewhere about 1975. But the emergency which faces the Americans is now, in the present. They are building up to a deficiency of a million and a half or so kilowatts of firm power as of 1961 or 1962. If they were required to depend on thermal energy it is clear that their energy costs would be something in the order of 8 mills on peak and it would not be until 1975 at the earliest that it would fall to the cost of steam generation on base load at about 5 mills or slightly over. That suggestion is put forward for bargaining purposes, I suppose, but it is entirely illusory to suggest that these values are not as I have stated. The practical replacement for stored water today is thermal energy in plant operating on peak at a cost of about 8 mills.

The CHAIRMAN: Is that all, Mr. Herridge?

By Mr. Herridge:

Q. General McNaughton might wish to comment on Senator Neuberger's report to the committee as a result of his visit to Canada.—A. This is a very bulky document. I am not suggesting it should be printed, but if it will be helpful to members of the committee I would be very happy to have one or more copies available to be passed around.

Q. I have had 500 copies printed—my constituents are very interested in this—and I have 50 left. I would be glad to supply copies to members of the committee if they were needed.

By Mr. Crestohl:

Q. Can you give us a summarized statement containing the "meat" of this report?—A. The "meat" of this report—and I think Mr. Herridge who was present on this occasion is much more competent than I am to deal with this matter, though of course I would be glad to give my interpretation to the committee—Senator Neuberger comes from those parts; he comes from the state of Oregon which is downstream on the Columbia, and in consequence he is immensely concerned that there should be a fair and equitable bargain on this question of downstream benefits with Canada.

I think I am safe in saying that he is not anxious to take us by the throat and to throttle us, but he is perfectly happy and recognizes the rights of Canada to go to the bargaining table and to see what can be done fairly by both countries in solving this matter. I think that is a pretty fair statement of the attitude expressed by Senator Neuberger. He has been very friendly and truly understanding and I judge that as he moved around the Columbia basin and went down to see the site of the Mica reservoir and the site of the dam, and to see our other potential power sites and to talk to the people in those localities, that he was impressed with two things: first, the immense potentialities which I gather he is satisfied are just about as I have described them to you, and also he was most impressed with the alertness of Canadian public opinion and with the convictions of the people in those parts that those reserves were not going to be diverted unfairly from Canada to any other country in the world. Senator Neuberger has been expressing a very high measure of concern that the discussions in the International Joint Commission were interrupted, shall I say, by the statement in reply by the chairman of the United States section (which I have tabled and which is printed), and he has been very critical, not only of the American members of the commission, but of the officials of

the government on the United States side who subscribed or who have apparently subscribed to the same sort of views. These matters are being brought out and elucidated in Gordon Murray's committee of the Senate which is continuing with these hearings.

Now I have here two reports filed with the Interior and Insular Committees. These are public committees just the same as your committee here, and the reports are published and available to everyone. We naturally make it our business, when things bear on our work, to get copies of relevant statements, and I have here a verbatim statement made by Governor Jordan to that committee on March 22, on the boundary waters treaty of 1909.

Again it is for you to say whether you wish to reprint it. I am not too much concerned to recommend it because again we are dealing with a flexible position which is in the process of development, and the statement, to my mind, is already somewhat out of date, but I would be happy to make as many copies available to you as you may wish. I shall put them on the table and if the Secretary of the Committee will tell Miss Sutherland, I shall see to it whatever copies are wanted are made available.

By Mr. Pearkes:

Q. I take it that Senator Neuberger, whom I have met and whom I have known for a number of years, and that his first recommendation was that the first responsibility within the United States government for these important negotiations should be raised from the level of the International Joint Commission and be explored by the policy making executives themselves. I presume that has already been done and there is now, in view of the statement made by General McNaughton last year that the Minister of Northern Affairs and National Resources—that arrangements have been made by the government of Canada and the government of the United States for a full and confidential exchange of views in the expectation that these negotiations will contribute to the resolution of problems which we have developed. Is that correct—that it has now been raised from the discussion of these matters—that they have now been raised from the level of the International Joint Commission to that of government level on a ministerial basis?—A. In reply to General Pearke's question may I refer to the press release of Wednesday, May 23, 1956 (which was an agreed document between External Affairs and the U.S. Department of State) and made by the Minister of Northern Affairs and National Resources. This gives the status of these discussions and also gives certain instructions which I quoted earlier today to the commission. The governments have undertaken to enter this field of the confidential exchange of views to prepare themselves and the groups which will undertake these studies at the earliest date possible, and I think the Minister has suggested that they might be ready to take on the discussion at the latter part of the year.

I do not think that a definite date has yet been set, but as I mentioned earlier, at the same time the two governments desire that the International Joint Commission shall press forward its studies and if—in other words if we can find some solution to some of these problems—where we can make such a recommendation within our conscience, I have no reason to believe that it would not be entirely acceptable. As far as the Canadian section is concerned we are prepared to do anything we can to help in these matters, and if further discussion in the commission proves to be useful we are prepared to continue the exploration.

I would also like to say that I believe that the proposal which I gave on April 5, of last year is so far the only positive and complete proposal for the amelioration of this situation which has ever been put forward. We have had a lot of comment from a large number of people in the United States

and some comment in Canada too; but the comment and suggestions only relate to parts of the proposal. I think I can say there is no general consensus of opinion that would indicate that we need to alter our proposal very much. We would be very happy indeed to pick this thing up from where we left it and to go right on with this discussion and to see what can be done about it. That is what I said in my telegram that I sent last week to Governor Jordan.

Q. I take it that while this discussion of policy has now been moved to a higher level of government, it will no doubt take advice from the two sections of the International Joint Commission, and that there is still work being carried out during the past year on obtaining engineering data regarding various projects. When General McNaughton was before this committee a year ago he indicated there was a good deal of exploratory work going on at such places as the Mica dam, the Castlegar dam, and the Murphy dam. I wonder if the General could bring us up to date as to the results of that exploratory engineering investigation which was being made? I do not think that has as yet been done, and I would particularly like to know what the results are of the investigations made in the last year by the field parties which were on the spot.—A. In reply to General Pearkes' question I would like first of all to say that provision for the Columbia Basin investigation is now made in the votes of the Department of Northern Affairs and National Resources; and in the current estimates the item stands at \$465,010 which is just enough and sufficient to provide for the continuation of the work which we have in hand, and to make the same sort of progress we hope, as was made during the past financial year. It is substantially the amount we have had for a number of years, and our requests are limited not by any feeling that we could not use more money but by reason of the fact that there is a shortage of the kind of people who are needed, who have the overall qualifications which are needed to do the kind of investigations required. Therefore the figures are limited largely by that factor.

Now, as regards the progress made last year, I am not as yet in a very advantageous position to give that information. Our formal reports from the field parties have not yet been received in Ottawa. They have not been through the mill of study and consultation. We have hopes that the first part of the studies with regard to the South Thompson, the Thompson and the Fraser below Lytton, the report on the physical aspects of it, should be available some time about October. But, we doubt very much whether those will give us an adequate basis for an economic assessment of the project. Already we are, and from the very beginning have been only regarding those studies as a possible first essay at arriving at a solution.

We were, of course, as General Pearkes knows, very deeply concerned with the question of the preservation of the runs of the salmon. At that time the fisheries experts told us that they did not want, and they were most seriously opposed, to building dams on that section of those rivers—that is the South Thompson, the Thompson and the Fraser, which were more than about 100 to 125 feet in height. They regarded that as an inescapable condition. We, in the commission, were very much concerned with the cost. I went right on record at the start, in saying that I did not believe that that was a practical answer to the problem. It would mean, for the 1,200-odd feet head that we have west of the Monashee range that seems to be capable of eventual development, a minimum of 10 sites in a row. Now, these would be low head sites, at each of which you would have to provide dams, fish ladders, turbines and generators. This would be extremely costly from the point of view of electrical engineering, leaving the fish out of the picture altogether.

It seemed to us however that this was something we had to explore to meet the views of the fishery people. It was not something that we would be

prepared to recommend. I told the International Pacific Salmon Fisheries Commission that at the time they put forward these proposals. However, it was felt that we should cater to the suggestions that had been made to us in regard to preservation of the fish as a first study, and that should be included in our first essay on this proposition. It has been done.

Now, we had a very energetic response from the fisheries people. They have taken this general outline of about 10 sites in a row and have made an assessment of the results from a fisheries point of view. Those figures are contained in a report which bears the title, "A Report of Fish Facilities and Fisheries Problems Relating to the Fraser and Thompson Rivers Dam sites investigations." It was issued under Vancouver date of November, 1955. I think it has already been referred to by the Minister of Fisheries in the House of Commons.

This is a very voluminous report, sir. I imagine it will be printed in due course, probably in other proceedings in the House of Commons. But, if it would serve the convenience of members of the committee we could make one of the two copies that we have available as a document which members might consult if they wish.

The CHAIRMAN: Thank you General McNaughton.

The WITNESS: We would like to have that copy back when it has served its purpose.

By Mr. Goode:

Q. Who caused that report to be printed, General? Was it strictly as a result of the fishing industry in British Columbia, or was it the government?

—A. No, sir. This report has been prepared by the technical staff of the Department of Fisheries in Canada, and the International Pacific Salmon Fisheries Commission in collaboration with the British Columbia fisheries department, and the British Columbia game authorities. It represents a considered view in relation to the practical thesis of protection put forward by the best technical people whose opinions could be brought to bear on this problem.

As I say, it was done very promptly indeed. I would like to mention to you that this means that on that thesis of a series of low dams for power purposes, some 10 times the cost of giving the kind of protection at each of the dams added up together. The figure is given as a capital cost of \$306 million merely for the fish facilities. Now, that is, of course, a lot of money; but in comparison with the tremendous installations which would result from regulations of the Fraser—the report here is based on a study of diversion of 10 million acre feet (we regard the more realistic figure as 15 million acre feet), but on a basis of 15 million acre feet the estimate of the installed capacity possible on the South Thompson, the Thompson and the Fraser below Lytton runs to 6,500,000 kilowatts, which will require an investment of something of the order of 2 billion dollars.

Just so you will realize that I am not talking in fanciful terms, we are now assured by the people who are studying matters in British Columbia that the market requirement for power has increased at the rate of 15 per cent per annum compounded. As far as we are informed, that is the highest rate for an area anywhere in the world. It is certainly the highest in Canada and on this continent of which we are aware.

Q. This is going to take quite a bit, General. I hope you keep it in mind when you follow out these investigations that there are very few members of parliament from British Columbia who would agree that power dam sites on the Fraser are necessary. If they are necessary, it would penalize the fishing industry, and they are going to have an awful battle on that, I think.—A. May I take that as an admonition, sir?

Q. No, you cannot. It was not intended as such. It was just intended as advice, sir.

By Mr. Knowles:

Q. Has anyone suggested any alternative to the 10 sites, General?—A. I was coming to that, sir, if I may. What I was leading up to say is that while \$306 million on capital account seems, stated baldly like that, a very large figure—and it is a large figure—it is not something which would rule these matters out when the development of British Columbia will require this additional power, which undoubtedly they will in the course of the next three decades the way development is going. It is growing on an ascending curve, and not tapering off in any way, nor does it seem likely to taper off.

Now, our objection, and the objection which is brought out very fully by the technical experts in this report, which I am going to table, is that if we did all this business of putting in these elaborate fish ladders, which we have general plans designed for in each one of these sites included in the report, we do not get anywhere with it in the end. It does not do what we want, and that is preserve the runs of the salmon migrating upstream and downstream. It would be an expenditure which is entirely ineffective in preserving the salmon, which is the objective we all have in front of us.

I have said right from the start that I only regarded this study of the 10 dam sites in a row as a sort of an exercise. As far as I am concerned what I hoped to get out of it was topographical and foundation information along those rivers. I want to know where the rock is, how deep it is and all that sort of information. I believe we are going to get that information. I was not prepared to subscribe, and the engineers associated with me were not prepared to subscribe at any stage that 10 sites in a row was something that we could think of as even a remote possibility either, for fish or for power. I think this is the way it is going to work out. We are going to get a lot of good factual information on the topography, and so on. With that information I think we will then be able to take the next step—to consider, first of all, the concentration of the heads at a limited number of sites, because the fisheries people now say that, rather than having a number of low dams what they want is the minimum number of delays for the salmon going upstream. There are proposals being made, and some of them are actually being built in some of the places in the United States where experiments are going on, because they have the same problem that we have. They certainly look to our experts as promising, for getting fish down without injury over high dams, very high dams, and for getting fish up by mechanical means, lifts and so on, without injury and starting them on their course. These are not proved possibilities.

This brings up another question: the intensity of the effort in research and development that ought to be put into these matters. Most of the research at the moment is being done in the United States on problems which are peculiar to the United States. So far as we can see, from the summary of this research, it does not fully cover the requirements in Canada. My friends from the Salmon Commission agree that we need to put much more intensive effort into the study of ways and means of getting fish up and down stream, and so on. I certainly would hope that we will have additional support for those very, very important studies. They are not the kinds of study that are going to be carried to completion, or to the satisfaction of anybody, by small grants of \$50,000-odd a year, valuable as they are. The work of the University of British Columbia is extremely valuable. We have received their first report and it is very useful. But, the part which is available is not of the right order of magnitude to solve this great problem, where an investment of some \$2 billion over the next three decades is involved, and where the needs of the people will call for that power.

I am a great believer in fish conservation, and I have done everything I can in all our references to keep the importance of preservation, particularly of the salmon on the east and west coasts, very much to the fore in the commission's studies. But, I must say frankly to this group, in looking at the needs of the rapidly growing community, and looking at the relative values that are at stake, and not taking to ourselves any decisions whatsoever, but seeing that we will need to accept the reaction of the general public, when the time comes, if this power is needed for the industry of the Vancouver area, I am afraid—in fact I should not say “I am afraid”; I feel as a certainty that everything else will be swept to one side. Power is a first requirement of modern civilization. People at that time will not think too much of a take of what might be \$50 million in the fishing industry, because it is very small compared with the benefits of power in industry under modern conditions.

However, that is something for the future. I merely used it as an argument with my associates in the fisheries side of it to show to them that they must joint forces with us in pressing in season and out of season to get the solution to these problems.

If we can get the massed effort of the best young minds in the country on any problems, it yields answers sooner or later, if you give them enough resources. I have had, myself, five very happy years experience as President of the National Research Council. We have had similar problems to answer. I am not suggesting all the answers came while I had the happiness of being associated with the council, but the solutions have come, in the end. The massed effort of scientists and good brains have yielded the answers we wanted, whether it may be in getting a wheat that was rust resistant, or whether it may be to inquire into other problems. Many of these things looked, at the time, as difficult of solution as the fish problem.

Now, I think, to give a positive idea, we are going to get, we think, a pretty adequate report on the topography of the basin. We are going to know what the foundation conditions are for our possible dams. We are going to have a basis for study on what can be done in the way of diversion of rivers, and of tunnels, and of underground power houses and all that. We will then, I hope, be able to embark on a much more objective study of the specific layouts and arrangements for the production of fish, catering fully to the latter views of the fish experts on how fish are to be protected, because this present thing is no answer.

By Mr. Pearkes:

Q. Now, what about the results of your experiments, which I asked about, at Mica and Murphy Creek? You have only dealt with the fishery problem in so far as the Fraser is concerned. I asked the question as to how far you had got with your reports from the field parties who were investigating Mica and Murphy.—A. May I answer General Pearkes' question? I am sorry that I seemed to get off the line, but I was dealing with what I understood the question to be, related to this use of the water diversion down through the Fraser system.

By Mr. Goode:

Q. We will discuss that at some future date.—A. Good. As regards the question of the Mica dam site, I have under my hand the engineers' preliminary report on the dam. It is not a report which we have published, but we have been making it available to all those who are interested, and if any of your members—

By Mr. Pearkes:

Q. I think this committee is very interested in the results of that work, and while we cannot possibly go through the whole of that report, could you summarize it just briefly and let us know what the results of those investigations are, because Mica Creek is one of the big projects.—A. The result of those investigations,—and this is confirmatory of the figure which I gave to the committee last year in regard to the cost of power capabilities, and of the storage facilities which will be made by the Mica Creek project—perhaps I might review those figures very briefly. I would like to give, Mr. Chairman, if I may, an explanation of this engineering report. We are well satisfied it represents a firm conclusion by the consulting engineers who have been doing the work for us. The Mica Creek Dam, on the basis of \$1,100,000 kilowatts installed would cost, including the power plant, \$247 million, and it would give a firm power in kilowatts at the site of 625,000. The estimated head at the normal full pool would be 563 feet. If we include the diversion of 5,000 cubic feet per second by way of Canal Flats into the Columbia, it brings the installed capacity to 1,320,000 kilowatts, and raises the firm power very considerably. The dam, according to latest proposals, will be a rock fill which is much more stable than the original concrete structure which was proposed, and it has great merit in reducing the total cost from about \$417 million down to \$247 million for this dam.

There will be some adjustments to the design of the dam, which is given in this book, before it goes out to contract, but the changes are only marginal, where there is an improvement in the details; but it does not affect the general principle of the dam. So, I think that all concerned, including the various other consultants to whom the matter has been referred, feel that we now have a completely firm proposition for Mica. Within a matter of a very few months the designs given in this book could be translated into contract drawings, and the matter could be launched.

By Mr. Goode:

Q. General, just interrupting you there, I do not know what a million kilowatts means. Could you tell me the suggested electrical intake into the city of Vancouver at the moment, and then maybe I could get an idea of what a million kilowatts of power means.—A. The Vancouver load at the moment, given by Mr. A. E. Grauer in his statement at the first of the year, is 600,000 kilowatts, in round numbers.

The CHAIRMAN: Would you allow me General Pearkes, to interrupt you there. Mr. Herridge has indicated to me that he should like to ask another question. Could I have your permission to ask Mr. Herridge to state his question now, and we will refer later on to General Pearkes other question.

Mr. FLEMING: Will you allow some time to me, Mr. Chairman, to bring us back to Lake Ontario?

The CHAIRMAN: Yes. We will have to have another meeting if you do not have an opportunity today.

Mr. FLEMING: I thought General McNaughton was not going to be with us.

By Mr. Michener:

Q. Before we leave this, how far is Mica Creek from Vancouver, approximately?—A. 350 miles transmission distance. The other two sites below at Priest Rapids and Little Dalles are a little nearer, but Mica represents half the total power of that block.

By Mr. Pearkes:

Q. I still want to get back to the report.—A. I can, in almost two words, give an answer to General Pearkes, if I might.

General Pearkes expressed interest in Murphy Creek. The field studies are finished, and they are regarded as promising.

Q. Would you please repeat that?—A. The field studies are finished and they are regarded as promising, and the matter has been turned over to the consultants for an actual preliminary design of the dam that would be built. The general idea was that the dam would provide a head of about 60 feet, which is in accord with the figures I gave last year on the effective head. We thought in the commission that we should aim at about 250,000 kilowatts of installed capacity. Since then the power experts in the area have indicated that the dam should be designed for about 350,000 kilowatts installed because when they come to integrating it into the Vancouver load they will use it more intermittently. The design which will go forward will probably provide for this.

Q. I think that that is important because you are recommending that site as an alternative to the Castlegar, or so-called Kaiser dam. You are still of the opinion that the dam on that portion of the Columbia river should be erected and that the place to put it is at Murphy and not at Castlegar.—A. In answer to that question may I say that every report which we have received from technical investigations shows that the conclusion which I indicated last year—which I may say was not my conclusion, I was expressing the views of our technical experts—has been confirmed and that we are hopeful, in due course, of receiving a design which would be acceptable.

Q. And the commission is prepared, or you are prepared, to recommend the construction of a dam at Murphy creek?—A. I cannot go quite to that extent because we will need to have for Murphy creek, just the same as we have for Mica, the report of our consultants before we venture to make a recommendation to the government; but there is every indication that we will get a final report on which we can make those recommendations which we have indicated.

Q. And you are making preparations to get such a report now?

The WITNESS: The matter is before consultants at the moment.

The CHAIRMAN: Gentlemen, we do not have a quorum and I would suggest that we meet this afternoon from 4 to 5 o'clock to accommodate General McNaughton who is leaving on the 18th and who will not be back until the end of the month.

Mr. GOODE: Will we have the opportunity, some time in the future, to discuss the further aspects of this with General McNaughton? I wish to discuss a matter and I am sure that General Pearkes would also like to discuss the matter of power and fish on the Fraser.

The CHAIRMAN: A member has just entered and we again have a quorum.

Mr. CRESTOHL: I have an observation to make. It is one of order and perhaps you may rule me out of order. At the session last year General McNaughton gave rather full evidence as he did this year. I am struck by a feeling of doubt as to whether this sort of report and this sort of business is a matter for the External Affairs Committee. It is certainly an element of the international affairs between Canada and the United States, but I think that these special portions of the general's evidence are really business for a commission—if there was one—on conservation or a commission on the natural resources of Canada on which would sit gentlemen—and I am not casting a reflection upon this committee—who are experts in this particular field and who can perhaps follow it with technical knowledge. We have some general knowledge, but this is a Committee on External Affairs and I think that 90

per cent of the general's presentation, both last year and this year, involves a technical knowledge concerning conservation of salmon, conservation of energy, and other things.

I wonder, Mr. Chairman, whether this committee—and I am making this statement now because I do not know whether I will be here this afternoon or next week—might consider making some sort of report, in its final report, which raises the question as to whether this is, properly speaking, a matter which should be taken up in the External Affairs Committee. This is one man speaking, and I am doing it without casting any reflection on anyone.

Mr. FLEMING: Mr. Chairman, I think that we should not take the time now to discuss this. General McNaughton is here and some of us have been waiting to ask questions. I think that the matter can be seen in this light; the International Joint Commission's estimates are part of the Department of External Affairs estimates and the estimates of that department have been referred to this committee every year since 1945. We are simply following the usual procedure. There is certainly a certain technical aspect, but it is tremendously important having regard to the field of external affairs.

However, I do not want to pursue the question now.

The CHAIRMAN: I will study the question raised by Mr. Crestohl and I will give you my views on it at a subsequent meeting.

Mr. CRESTOHL: I just wanted to take advantage of the opportunity of putting it on the record now since I may not be here later.

The CHAIRMAN: As we still have a quorum, I believe Mr. Herridge would like to say something.

Mr. HERRIDGE: It is not a question. Someone in this committee suggested that we might have a comment on the Neuberger report. I do not wish to do that, but I would like to bring a few facts to the attention of the committee. We had the pleasure of organizing the trip which Senator Neuberger made in the Kootenays. We had two public dinners, one at Revelstoke organized by the city and the chamber of commerce, and one at Nakusp. Later, there was a meeting at Nelson. I am advised of two things: one had to do with downstream benefits and it was the senator's opinion that it was a matter for bargaining between the two countries in good faith; the second thing, I am advised, was the tremendous value of the power resources on the upper Columbia river to United States industry. He mentioned the tremendous expansion of the aluminum industry and that the reason for the aluminum industry being in the northwest states is that the power is so low in cost that it offsets the cost of transportation east into other markets. He recognized also the great value of storage in Canada to the Americans. I thought that he took a most sympathetic and friendly attitude toward our problem and expressed it on all public occasions.

Mr. GOODE: May I ask one question in respect to the Columbia?

The CHAIRMAN: Yes.

By Mr. Goode:

Q. In the press in British Columbia there has been a suggestion from the premier of that province that he would be willing to discuss with your commission and with the government in the United States a deal whereby Canada would receive a corridor in the Alaskan Panhandle in exchange for benefits in the Columbia. Has there been any such suggestion to the International Joint Commission?—A. As far as corridors in the Alaskan Panhandle are concerned,

they are not matters which would come to the International Joint Commission. I have nothing authentic on it other than I have seen the press accounts, as have you. This would be a matter for the Department of External Affairs and would be outside our prerogative.

By General Pearkes:

Q. To clean up this Murphy creek situation, before we go east, may I ask a question. If the dam which General McNaughton's commission is considering at Murphy creek was built to the specifications he has now, and if it were proved that those specifications were satisfactory, what amount of power could be sent from Murphy creek to Vancouver, and would the amount being sent from Murphy creek to Vancouver in any way relieve the necessity for the construction of these dams on the Fraser river to which he referred? It is a possible alternative.—A. I think it is a very important matter, the figure which I gave a few moments ago as to the capacity at Murphy creek is 250,000 kilowatts. The people who are studying the load requirements in the Vancouver area have Murphy creek, with a number of other sites, in mind for early construction in order to help alleviate—not to solve—the peak shortage which is looming over Vancouver. So there is great interest in the studies which are being done by our consulting engineers and they are being pressed to get them finished as quickly as they possibly can. We had worked on a load factor which was fairly high. The feeling is that for the Vancouver load they would want a lower load factor, but a higher power installation would be used to supply the peak loads in the Vancouver area and that would therefore be of importance in having higher turbine capacity of 350,000 installed kilowatts instead of 250,000.

By Mr. Fleming:

Q. In General McNaughton's evidence at the meeting of June 7, he set out, at pages 337 and 338, the course of investigation concerning the levels of Lake Ontario, which have been an important question in recent years of high water and damage to properties on the shores of Lake Ontario. General McNaughton pointed out, at the middle of page 337, that "After careful studies by the International Lake Ontario Board of Engineers and their technical advisers from various interested agencies, under the auspices of the commission, certain criteria, a range of stage 244.0 (navigation season) to 248.0, as nearly as may be, and a plan of regulation (12-A-9) were recommended to the governments in letters dated May 9, 1955." Subsequently, on December 3, 1955, those recommendations were approved by the two governments. There were hearings, as General McNaughton outlined, and there was some conflict of interest between the interests of the riparian owners upstream and the riparian owners downstream. Now, the general is acquainted with the brief submitted by the Lake Ontario Property Owners Association to the International Joint Commission as well as other briefs which the commission received on this question. He will recall that the tenor of the brief submitted by the Lake Ontario Protection Association was that a level of even 247 is severely damaging and that there were many factors indicating that a recommendation of a maximum of 246 feet would be desirable. May I ask General McNaughton if there is any modification in sight to the recommendation of the 248 maximum and 244 minimum? That is my first question.—A. I will answer that question to this effect, that the commission has made a firm recommendation to the governments, the one to which I have referred as the

letters of May 9, 1955 which are letters identical in content signed by myself on behalf of the Canadian section of the commission but also for the commission as a whole to the government of Canada, similar letter signed by Governor Jordan was sent to the secretary of state of the United States, also on behalf of the commission as a whole. Those recommendations are firm.

Q. Do I take it that the matter is final, then, and that the recommendation is the last which the commission has to submit to the government on this matter?—A. I think I would be wrong to say it is final. It is final as regards principle but it is not final as regards detail because in the letters which the governments sent us back on December 3, 1955, taking advantage of information which had been collected in the interim, information of which we were appraised as well—Plan of Regulation 12-A-9 was criticized from the point of view of the downstream portion of the basin, by which I mean the territory below the international section, that is territory along lake St. Francis down to lake St. Louis and so on past the city and port of Montreal. There were certain details raised, and in the letter of approval the governments only approved the plan as a basis on which we could carry on with the design and the actual channel excavations upstream; they reserved to the commission, and eventually for the approval of governments certain modifications in detail in the operation of the plan.

I have explained that because you asked me whether or not the thing was final. It is not final, and an arrangement between the governments provides that for a number of years to come, in working out the details of how we shall bring this immense river into conformity with man's will, as regards the time and volume of floods, on the level of Lake Ontario and so on, within the criteria and recommendations that the commission has to go on, they do not look for final recommendations on a plan for operation for some time.

The CHAIRMAN: We have lost quorum, Mr. Fleming.

Mr. FLEMING: There is no motion to pass nothing hinges on this, and just to put the information on record I hope I may continue. You may not be able to get the members to come this afternoon—

The CHAIRMAN: I presume it will be necessary to call meeting. I understand that Mr. Goode said he had some questions to direct to General McNaughton.

Mr. KNOWLES: Mr. Herridge will be a member of the committee this afternoon if the house agrees to adopt the motion.

Mr. CRESTOHL: You could always appeal the decision, Mr. Knowles.

Mr. McMILLAN: Mr. Fleming has two more questions. Why not hear him?

By Mr. Fleming:

Q. They will just take a moment. Is any legislative action required at the present time or in the near future with regard to this subject of lake levels? —A. So far as I am aware no legislative action is required. There is of course as I mentioned on a previous occasion a proposal that some clause should be inserted in the order which would have the effect of guaranteeing the upper level. Upon the advice of our legal officers and of the low officers who have been consulted, it was considered that that would not be an appropriate matter for the commission to attempt to legislate on. We have taken the advice of our legal officers and have referred the question to government level where it is now being discussed. I do not know the final result.

Q. The other question is with regard to compensation to riparian owners whose properties have been damaged. There is some question whether that lies within the scope of the commission's authority. How does that matter

stand at the moment?—A. I will answer that question Mr. Fleming by saying that paragraph 2(a) of the order issued by the International Joint Commission of October 29, 1952 contains the following words:

All interests on either side of the International Boundary which are injured by reason of the construction, maintenance and operation of the works shall be given suitable and adequate protection and indemnity in accordance with the laws of Canada or the Constitution and laws in the United States respectively, and in accordance with the requirements of Article VIII of the Treaty.

I would like to say that when we wrote this paragraph into the order we had the benefit as counsel for Canada of the highest legal talent that could be made available to the commission for discussion as to the adequacy or otherwise of the laws in this country, and in the United States for the protection of people who might be injured by the construction and operation of the works, and we were given assurance on the best advice we could get that the laws were adequate to protect everybody properly, and it was on the basis of that assurance that these words were written.

Now, the Lake Ontario Property Owners Association have raised this matter again, and it has been gone into again, thoroughly, with the best legal advice we could get. In so far as Canada is concerned, I speak with complete assurance when I say we believe that there is complete protection and that the people who may legitimately claim that injury has been done to their rights may bring an action before the courts of this land, in the first instance of course, to the courts of Ontario or if they are not satisfied, they may bring their case in accord with an act of parliament before the Exchequer Court of Canada; and on the basis of whatever pleadings they care to put forward we think there is no doubt that justice will be done.

I would like to make a short statement because of the figures which Mr. Fleming has mentioned and this, I think, is fundamental.

In a state of nature the levels of lake Ontario run to something over 250 feet, on the datum we are using, as a top limit, and something below 242 feet as a low limit. There is a range of something of the order of 8 feet or more of fluctuation in that lake. What the commission has set out to do on the instructions of the governments, is to reduce that range and we have come up with a firm recommendation of monthly near levels of 248 feet-244 feet as near as, maybe going a little lower in the winter time to draw the lake down so that we do not start at too high a level in the spring. That was to help the land owners. The whole effect of the commission's order in relation to the regulation of lake levels is to confer a large benefit on land owners by comparison with what they might expect if we did not put any works in the move. We have got to be extremely careful, and I think, Mr. Fleming, and others will agree with me on this, that the commission should stick to this principle: that we are in no position to order something for the benefit of people on lake Ontario—though we may have the most complete sympathy with them—when by so doing we are adversely affecting interests downstream and putting people in hazard thereby.

That was one of the first troubles we struck in arriving at this method of regulation 12-A-9. When we came to apply the provisions of 12-A-9 to conditions at the outlet of Lake St. Louis and in the harbour of Montreal we found we could not operate without creating damage downstream and so we had to advise the governments that we could not be firm on the recommendation we made as to 12-A-9, but that we had to modify its operation in some respects. There are two things that were wrong: one was the unduly low level of Lake

St. Louis—which would have been very detrimental to the people who live along that lake; and another was the difficulty of ice cover formation at the projected plant in Quebec at Lachine which will be a very important plant. It would probably result in ice jams and in flooding in lower Montreal and we felt that by some slight modification of 12-A-9, with some increase in channel capacity which was recommended to the government we would get a very substantial improvement at the foot of Lake St. Louis, the benefit of which would react favorably for the people upstream, although they did not seem to appreciate it.

We have done that and it is the feeling of the commission we have gone to the absolute limit for the benefit and favour of the people upstream without at the same time putting people in jeopardy downstream. Have I explained it?

The CHAIRMAN: It is now one o'clock and we shall adjourn. There is no need to ask General McNaughton to return.

Mr. FLEMING: No, Mr. Chairman. Those were all my questions.

Canada. External Affairs, Standing Committee
on, 1956
HOUSE OF COMMONS

THIRD SESSION—TWENTY-SECOND PARLIAMENT

1956

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

THURSDAY, JUNE 21, 1956

TUESDAY, JULY 3, 1956

MAIN ESTIMATES OF THE DEPARTMENT OF
EXTERNAL AFFAIRS

INCLUDING SECOND REPORT TO HOUSE

WITNESSES:

Messrs. Jules Léger, Under-Secretary of State for External Affairs;
W. D. Matthews, Assistant Under-Secretary; H. J. Armstrong, Head
of Finance Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE ON EXTERNAL AFFAIRS

Chairman: Maurice Boisvert, Esq.
and Messrs.

Aitken	Hansell	Michener
Arsenault	Henry	Nesbitt
Balcer	Herridge	Patterson
Bell	Huffman	Philpott
Breton	James	Richard (<i>Ottawa East</i>)
Cannon	Jutras	Starr
Cardin	Knowles	Stick
Crestohl	Lusby	Stuart (<i>Charlotte</i>)
Decore	MacEachen	Studer—35.
Fleming	MacInnis	
Garland	MacKenzie	
Gauthier (<i>Lac-Saint-</i>	Macnaughton	
<i>Jean</i>)	McMillan	

(Quorum—10)

J. E. O'Connor,
Clerk of the Committee.

ORDERS OF REFERENCE

THURSDAY, June 14, 1956.

Ordered,—That the name of Mr. Herridge be substituted for that of Mr. Coldwell on the said Committee.

MONDAY, June 18, 1956.

Ordered,—That the name of Mr. Philpott be substituted for that of Mr. Goode on the said Committee.

WEDNESDAY, June 20, 1956.

Ordered,—That the name of Mr. Bell be substituted for that of Mr. Pearkes on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

ERRATA

MINUTES OF PROCEEDINGS AND EVIDENCE No. 13,
THURSDAY, JUNE 7, 1956

Page 335—Line 19, Should read—restriction on pollution per se.

- “ 336— “ 32, “ “ —some 290,000 acre feet.
- “ 338— “ 42, “ “ —That is 248·0 became an objective.
- “ 340— “ 16, “ “ —much less onerous and invidious.
- “ 340— “ 37, “ “ —who sit on our Board of Control
- “ 340— “ 41, “ “ —one of the factors to which it is essential
to pay attention is high winds.
- “ 342— “ 37, Delete—That is to be instituted
- “ 342— “ 38, “ “ —along this great seaway.
- “ 345— “ 36, Should read— , to determine if indeed
- “ 345— “ 53, “ “ —funds requested to be provided
- “ 346— “ 52, “ “ —until 12.30 p.m.
- “ 350— “ 34, “ “ —development for putting the Kootenay river
and Columbia river
- “ 350— “ 42, “ “ —It was not printed because I
- “ 351— “ 10, “ “ —table my reply of the same day
- “ 358— “ 47, “ “ —of an ice-melt character
- “ 359— “ 49-50, “ “ —diversion of the Kootenay.
- “ 361— “ 8-9, “ “ —Canadian consulting engineers on Mica,
- “ 362— “ 36, “ “ —Bull River-Luxor and Mica Creek
- “ 363— “ 37, “ “ —might apply a bit of solvent to it.
- “ 363— “ 45, “ “ —One acre-foot of water brought through one
foot releases
- “ 364— “ 17-18, “ “ — , that if such be the condition
- “ 376— “ 33, “ “ —to another basin

MINUTES OF PROCEEDINGS

THURSDAY, June 21, 1956.

The Standing Committee on External Affairs met at 11.00 A.M. this day. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Bell, Boisvert, Crestohl, Fleming, Garland, Herridge, Henry, Huffman, James, Jutras, Knowles, McMillan, Nesbitt, Patterson, Starr, Stick, and Stuart (*Charlotte*).—(17)

In attendance: Messrs. Jules Léger, Under-Secretary of State for External Affairs; W. D. Matthews, Assistant Under-Secretary and H. J. Armstrong, Head of Finance Division.

The Chairman after calling the meeting to order introduced Mr. Léger and informed members that in the absence from Canada of Mr. Pearson, Mr. Léger would read two brief statements on his behalf.

The statements referred to the Repatriation of New Canadians to their country of origin, and the question of a corridor in the Alaska Panhandle.

Item 94—Representation abroad—Operational, was called and after a statement by Mr. Matthews concerning the purchase and furnishing of the Canadian Embassy at Rio de Janeiro, Brazil, the item was adopted.

Item 95—Representation abroad—Capital, was called by the Chairman and following discussion—

Mr. Fleming moved,—

That this Committee recommend to the House that Item 95—Representation abroad—Capital, be reduced by the sum of \$805,000 being the amount of “unallotted Capital Items”.

The motion was resolved in the negative, on the following recorded division: YEAS: Messrs. Bell, Fleming, Herridge, Knowles, Nesbitt, and Starr—(6); NAYS: Messrs. Crestohl, Garland, Henry, Huffman, James, Jutras, McMillan, Patterson, Stick—(9).

Item 95 was adopted.

Item 109—International Joint Commission—Salaries and Expenses, was called and adopted.

Item 110—International Joint Commission—Studies and Surveys, was called and adopted.

Item 92—Departmental Administration, was called and adopted.

The Chairman, on behalf of Members of the Committee, thanked the Officers of the Department of External Affairs for the very real assistance given the Committee in its deliberations.

The Committee adjourned at 12.05 P.M., to the call of the Chair.

TUESDAY, July 3, 1956.

The Standing Committee on External Affairs met at 5.00 p.m. this day *in camera*. The Chairman, Mr. Maurice Boisvert, presided.

Members present: Messrs. Bell, Boisvert, Crestohl, Fleming, Garland, Hansell, Herridge, Henry, James, McMillan, Nesbitt, Patterson, and Philpott.—(13).

A draft "Report to the House" containing the observations and recommendations of the Committee was read and following discussion and amendment was adopted and ordered to be presented to the House as the Committee's "Second Report".

The Chairman thanked Members of the Committee for their active participation and co-operation.

At 5:45 p.m. the Committee adjourned to the call of the Chair.

J. E. O'Connor,
Clerk of the Committee.

REPORT TO THE HOUSE

The Standing Committee on External Affairs begs leave to present the following as its

SECOND REPORT

On Thursday, January 26, 1956, the House referred to your Committee for consideration Items numbered 92 to 115 inclusive of the Main Estimates 1956-1957.

Your Committee has held eighteen meetings, six of which were devoted to statements and evidence of the Secretary of State for External Affairs, The Honourable Lester B. Pearson.

On Items 92 to 108 and Items 112 to 115, your Committee heard evidence from Mr. Jules Leger, Under-Secretary of State for External Affairs, Mr. R. M. Macdonnell, Deputy Under-Secretary, and Mr. W. D. Matthews, Assistant Under-Secretary, assisted by Messrs. H. J. Armstrong, Head of Finance Division, M. Grant, Head of Supplies and Properties Division, and C. H. West, Chief Passport Officer.

On Items 109 and 110—International Joint Commission, your Committee heard General A. G. L. McNaughton, Chairman of the Canadian Section, while Miss E. M. Sutherland, Secretary, and Messrs. D. G. Chance, Assistant Secretary, J. L. MacCallum, Legal Adviser, E. R. Peterson, Engineering Adviser, and Dr. M. Katz, Chairman, Canadian Section, Technical Advisory Board on Air Pollution, were in attendance.

On Item 111—Colombo Plan, your Committee heard Mr. R. G. Nik Cavell, Administrator of the International Economic and Technical Co-operation Division of the Department of Trade and Commerce, who was assisted by Messrs. R. W. Rosenthal, Assistant Administrator, F. E. Pratt, Chief, Capital Projects Section, and D. W. Bartlett, Chief Technical Co-operation Service.

Your Committee, after carefully considering items 92 to 115 inclusive of the Main Estimates approves them and recommends them to the House for approval.

During its deliberations your Committee was impressed by evidence of an increased recognition abroad of Canada's position in world affairs and a growing awareness of this fact by the public of Canada. This was manifested, to some extent, by the appointment of Canada's Secretary of State for External Affairs, The Honourable Lester B. Pearson, as one of three Members to comprise a Committee of The North Atlantic Council for the purpose of studying and recommending to the Council ways and means of promoting closer economic and political understanding and co-operation between Member Countries of The North Atlantic Treaty Organization.

Your Committee takes cognizance of the invaluable work of the North Atlantic Treaty Organization in stemming the spread of Communism in Europe and the Middle East and records its strong approval of measures now being taken toward a further expansion of activities within the framework of that Organization.

Your Committee wishes to commend the manner in which Canada is participating in the provision of aid to under-developed countries and in particular

the consignment to India of an Atomic Reactor. However your Committee is of the opinion that consideration should be given to the advisability of increasing Canada's contribution. This country's assistance to less privileged countries has resulted not only in material benefits to recipient countries and economic benefits to Canada, but has also fostered a closer and better understanding between the peoples of Canada and those of the Far East. This understanding has been further stimulated by the exchange of students and scientific personnel under the Colombo Plan.

The Director of the program, Mr. R. G. Nik Cavell, provided your Committee with a most comprehensive description of the activities of the Colombo Plan Organization and to him the Committee expresses its gratitude.

The Committee was favourably impressed by the foresighted and detailed studies carried out by officers of the Canadian Section of the International Joint Commission, in relation to the further development and control of international waterways. The position taken by the Chairman of the Canadian Section in presenting the views of Canadians to American members of the Commission has the support of your Committee.

Your Committee reviewed the position of Canada with respect to continued participation as a member of the International Commissions for Supervision and Control in Indo-China and has concluded that Canadian representation should be continued for as long as the circumstances warrant. Your Committee was pleased to note that a substantial part of Canada's expenditures in connection with the maintenance of the Canadian Delegation would eventually be recovered and that Canada's initial contribution of \$100,000 toward general operating expenses of the Commissions had already been recovered.

Extensive consideration was given to the operations of the Department both in Canada and abroad and your Committee was impressed by the manner in which the Department fulfils its many functions.

Continued use of blocked currencies for Scholarships and Fellowships for Canadian students and the favourable consideration of the inclusion in the Department's Estimates of such sums as would be required for an expansion of this program is strongly recommended by your Committee.

A copy of the Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

Maurice Boisvert,
Chairman.

EVIDENCE

JUNE 21, 1956,
11:00 A.M.

The CHAIRMAN: Gentlemen, I see a quorum. I will call the committee to order. Before taking up the few items left, Mr. Leger would like to make two short statements.

Mr. Jules Leger, Under-Secretary of State for External Affairs, called.

The WITNESS: Mr. Chairman, Mr. Pearson has asked me to make two statements which he would have made this morning had he been able to attend the committee. One has to do with the "Return to the Homeland" campaign, in which members of the house have shown some interest. The other is about the Alaska Panhandle. These statements are made in the first person, being prepared for the minister and not myself.

Several members of this committee have expressed interest in the "return to the homeland" campaign carried on by the Soviet-bloc countries in recent months. Many people in Canada, born in one or another of those countries but now loyal Canadians, have received personal letters urging them to return to their native land. They have protested against these proceedings, sometimes to their member of parliament, sometimes to my department or to the press, in fairly vigorous terms.

The chief reason for this campaign seems to be that the Communist governments concerned are afraid of the considerable influence which the refugees from their regimes have won for themselves abroad. They are seeking by every means to discredit the testimony given by these refugees as to the true nature of Communism. Above all, they wish to lure them home again, where they can more easily be silenced by one means or another.

Fortunately, not many new Canadians have succumbed to their blandishments. While we have no means of telling exactly how many have gone, we believe that no more than a handful has returned to each country. The committee will be interested to know that some of these people have already turned up at our embassy or legation, expressing disillusionment with the conditions they have found at home, and asking if it would be possible for them to return to Canada. Members of the committee will remember that this is exactly what happened some years ago when a number of new Canadians returned home to Yugoslavia when that country was still a member of the Soviet bloc. It was not long before many of them wanted to come back to Canada.

I have been asked whether the government could not put a stop to the "return to the homeland" campaign in this country. After very careful consideration I have concluded that there is not very much which we can do in the present circumstances. In the first place, the organizers of the campaign rely chiefly on propaganda sent by first-class mail from Europe. We do not have censorship of the mails in this country, and the literature in question, which is always carefully and even politely phrased, does not appear to be seditious under Canadian law. We cannot, therefore, under present legislation prevent the use of the mails for this purpose. Secondly, the campaign is

carried out, not by the Soviet-bloc governments themselves, but by "repatriation committees" which claim to be private groups composed of persons who have already returned to their homeland from abroad. I do not think it would be wise to dignify the efforts of these committees, or to give them useful publicity, by making formal protests to the governments which are lurking behind them.

I have, therefore, been advising any new Canadians who send me letters of protest that the best answer to the "return to the homeland" campaign is the answer they can make themselves. It is for those people themselves who have come to Canada from countries now under the Communist yoke, and who are therefore well qualified to recognize the falsity of this repatriation propaganda, to denounce it to the public as they are now doing with their usual effectiveness and energy.

There is one other point which I usually make in this connection. Any attempt by foreign governments to intimidate Canadian citizens or residents of Canada, or any improper behaviour by foreign representatives in this country, should be brought to the attention of the Canadian authorities. The Canadian government will not tolerate that sort of thing for one moment.

By Mr. Fleming:

Q. May I ask a question on that. Mr. Leger, have you had any cases brought to your attention where any form of intimidation is sought to be applied by the governments of the communist countries concerned through relatives upon any Canadians in Canada?—A. I do not think I could answer that off-hand.

Mr. CRESTOHL: Mr. Chairman, are we to proceed with questions on this statement before we enter on to the other?

The CHAIRMAN: I would think so.

By Mr. Fleming:

Q. Where do these repatriation groups in the communist countries obtain the addresses of the new Canadians to whom they are writing here?—A. Well, we could look into that but I know that there are some of those repatriation commissions that are set up in Switzerland, some in Austria, and I would think also some in Belgium. Proceeding from this side of the iron curtain, as they do, they have a considerable amount of freedom of contact. How they actually get the addresses I am afraid I do not know.

Q. Have you any reason to think they are obtaining assistance in that respect from any of the embassies and legations here?—A. I cannot answer that, Mr. Fleming.

Mr. KNOWLES: In connection with these addresses, I have an envelope upstairs in my room which contains some of this material which was sent to a constituent of mine. It was addressed to this person at an address in "Winnipeg, Manitoba, U.S.A." That is going a little too far.

By Mr. Crestohl:

Q. Mr. Leger, what do you estimate to be a handful of these so-called people who are returning? You used the term "a handful" a moment ago?—A. I think that it would be impossible for us to give actual figures because naturally we have no way to check. I presume that the handful referred to are those persons who have gone to Soviet-dominated countries and have called at our legation or embassy in order to find a way to come back.

Q. Would you not necessarily have a complete check on those who leave Canada because they applied to the Department of External Affairs for passports or travel documents of some kind; or do these people travel on their

own travel documents which they brought with them when they entered Canada?—A. Well, Mr. Chairman, certainly if they have become Canadian citizens they are entitled to a Canadian passport, and when applying for a Canadian passport there is no reason why they should say they will be using it in order to get to their former homeland and to stay there.

Q. But you do insert in the passport of a Canadian the countries to which he wants to travel and you would then know that he is applying to travel to Russia?—A. Yes.

Q. That would give you some form of control?—A. To take a theoretical case, if a citizen of any of those countries who has become a Canadian citizen, after residence in Canada, asks for a Canadian passport he could use that passport to return to his former homeland. According to present regulations, when arriving in one of those communist-dominated countries he should report to the Canadian mission. Therefore, we would have that check on him. But that is about the only check I can think of which we would have.

Q. Could we have any information as to how many have returned to Canada, because when they re-enter Canada their documents would probably show that they had visited in Russia?—A. I would doubt, under present regulations, that a list is made of those people who have gone to communist-dominated countries and have come back. The only list I can think of, again, is the one we have in our legation or embassy of those people who actually go to the mission upon arrival.

Q. People who have come here from Russia and who have not yet become Canadian citizens would require some sort of travel document which they could obtain from the Russian embassy here, could they not?—A. If they are still Soviet citizens, they could apply for a Soviet passport.

By Mr. McMillan:

Q. Have many who have become Canadian citizens been retained over there and not allowed to come back?—A. Not to our knowledge.

By Mr. Crestohl:

Q. There was quite a news item in yesterday's newspaper about another contingent of Canadians, originally from Russia, going on this trip to Russia. I think it was in yesterday's newspaper. That puzzled me. It gave me the impression, when the news item was made, that they were being invited on a very lofty plane to come to visit their home country to see its developments and they would be very graciously allowed to return to Canada. Have you seen that item?—A. No, I am afraid that I have not.

The CHAIRMAN: Are there any further questions? Then, I will ask Mr. Leger to go on with the second statement.

The WITNESS: This statement, Mr. Chairman, has to do with the Alaska Panhandle. As I indicated to this committee on April 24, the government has been considering whether it would be of any value to make an official approach to the United States government for corridors through the Alaska Panhandle to northern British Columbia and the Yukon, or other alternative arrangements.

2. The long strip of United States territory along the northern Pacific coast creates some complications that would not exist if that strip were Canadian soil. However, a review of the matter indicates that the complications are not nearly as serious as has been suggested.

3. On the matter of goods shipped from Canadian ports to Skagway and other Panhandle ports, there is very little evidence that there have been any serious difficulties because of United States customs procedures. Indeed, government studies show that there has been little inconvenience or expense in clearing goods shipped from a Canadian port and destined for the Yukon or vice versa through the customs at Skagway. The arrangements are in accord

with the provisions of article 5 of the GATT of which both Canada and the United States are signatories. Article 5 states in part that "there shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties". The clause has obvious application to the situation presented by the Panhandle.

4. With regard to Canadians travelling to and from northwestern British Columbia and the Yukon through the Panhandle, there have been few difficulties. There were reports a few years ago that some residents of Canada, who had not yet acquired Canadian citizenship and who were travelling from Vancouver to the Yukon, were turned back by United States immigration officials at Ketchikan. If such difficulties arose again they might justify discussion with the United States on administrative procedures. The customs and immigration procedures now followed in the Panhandle are no different nor more exacting than those prevailing at other places along the International Boundary from New Brunswick to British Columbia. Any possible complications can be avoided if transit visas are secured in advance or if direct air transportation is used.

5. The argument has been advanced that the high wage rates and working regulations of the stevedores and other workers in Skagway add substantially to the cost of transporting goods through the Panhandle. I think it is fair to say that this problem has to some extent been alleviated in the past year or two by the increased mechanical handling of goods. It might possibly be further relieved by the creation of a corridor but it is not clear how effective or permanent such a remedy would be.

6. Another argument relates to United States shipping law, especially the United States Merchant Marine Act, known as the "Jones Act". This Act prevents vessels other than American from carrying merchandise or passengers between points in the United States, even via a foreign port such as Vancouver; this prevents Canadian vessel participation in traffic to or from an Alaska port, even through a Canadian port, if the points of origin and destination are in the United States. It could be argued that the United States authorities tend toward a somewhat restricted view of what constitutes coastal shipping. It must be recognized, however, that under the Canada Shipping Act, restrictions are applied to foreign vessels in our own coastal trade. The problem does not appear to be a major one at present, and it should be borne in mind that the United States congress has recently made provision each year for a partial relaxation of the terms of the "Jones Act" in relation to Alaska.

7. So far I have dealt mainly with the Skagway area. Farther down the coast, three possible locations for "corridors" have been suggested: the Taku, Stikine, and Unuk river valleys. Even if corridors were obtained in these areas, the country of the coast range is so rugged that they would provide somewhat limited access into the interior. "Corridors" would be of value mainly where there is or is expected to be an established traffic of considerable volume. Where there is an established traffic there are no serious problems and corridors or free ports are not required. Where there is no established traffic, inconveniences do arise, since no customs houses, either United States or Canadian, exist, and special arrangements at added cost have to be made. Altogether, however, it does not appear that the lack of corridors is appreciably hindering development in areas where little progress has yet been made. As far as individual prospectors or companies are concerned, many of them now use air transportation to reach their areas of operation and that naturally avoids difficulties in crossing the Panhandle.

8. As I pointed out to this committee on April 24, I do not believe "that the United States would alienate territory . . . without raising pretty far-reaching questions". Already suggestions have been made that a corridor

should be made available to Canada in exchange for the right of the United States to participate in development of the Yukon waters and to share in the power to be generated. The granting of a corridor would not, in the government's view, justify any bartering of water rights. As the House of Commons was informed on May 23, the governments of Canada and the United States have agreed to diplomatic discussions on the subject of waters crossing the boundary. The government does not consider that the proposals for corridors have any place in the consideration of questions relating to power; the two subjects are separate and distinct and should be kept that way.

9. On the basis of information available to it, the government considers it would not be justified in approaching the United States government on this subject, nor does it consider that conditions warrant setting up a special international investigating committee.

Now, Mr. Chairman, I realize that this is a statement of policy and naturally I would not want to be put in the position where I had to answer questions related to policy matters. If, however, such questions were to be asked by the committee, I am sure that the hon. Mr. Pearson, if he should attend at a later sitting of this committee, would be delighted to answer them himself.

Mr. FLEMING: Or else they could be taken up in the house.

The CHAIRMAN: Yes.

Mr. FLEMING: When the estimates for this department are dealt with.

The CHAIRMAN: Are there any questions?

By Mr. Herridge:

Q. What is meant by the phrase "partial relaxation of the terms of the Jones Act"? I understood they agreed to do that.—A. May I take this question under notice and we will give a reply to it as we have done with others.

Q. Thank you.

The CHAIRMAN: Are there any other questions or shall we now proceed to item 94?

Item 94 Representation Abroad—Operation—including authority, notwithstanding the Civil Service Act, for the appointment and fixing salary rates of High Commissioners, Ambassadors, Ministers Plenipotentiary, Consuls, Secretaries and staff by the Governor in Council \$7,210,961

By Mr. Fleming:

Q. I wonder if Mr. Matthews has the information we asked for at a previous meeting on the expenditure on furnishings at Rio?—A. Yes. Would it be satisfactory if Mr. Matthews answered that question?

The CHAIRMAN: Yes. Proceed, Mr. Matthews.

Mr. W. D. MATTHEWS (*Assistant Under-Secretary of State for External Affairs*): If I may deal first with the question of mirrors, they provide another example of the exaggeration to be found in the newspaper article that was quoted. I might say that it was in the statement on which that newspaper article was based that the exaggeration occurred.

Mr. FLEMING: You are referring to Mr. Morin's statement?

Mr. MATTHEWS: Yes. The two mirrors did not cost \$2,000 but cost \$1,078. These mirrors are each 8' 4" x 3' 11" and are to be employed as the chief decorative feature of the main entrance hall on either side of the entrance to the main reception room. It was found more economical to buy these mirrors in Brazil at the price quoted than to purchase elsewhere and incur additional shipping charges.

With regard to the general furnishing scheme, the main entrance hall is influenced by these two antique mirrors and two traditional Brazilian benches. The main reception room, the small sitting room and library follow 18th

century French designs which have been considerably simplified. The furniture for these rooms was built in Canada with the exception of some furniture in the library supplied by a Brazilian firm following local designs. The dining room furniture is along 18th century English lines, built in Canada and providing seating for 24 persons.

With regard to the portion of the total furnishings which was purchased in Canada, it is not possible to give a final answer since the project is not yet fully completed. At present, however, actual purchases made in Canada are as follows:

Furniture and furnishings	\$48,292
Silver flatware	2,848
Stoves, and Monel metal work, surfaces for kitchen, Butler's Pantry, etc.	4,625

A total of \$55,765

Purchases outside Canada, that is either in Brazil or in some cases in the United Kingdom or the United States, amount to \$17,930. It is expected that additional purchases in Canada will come to \$7,000 and purchases outside of Canada to \$14,000. Thus, it is expected that total purchases in Canada will be approximately \$63,000 and purchases outside Canada \$32,000.

I have, in addition, a breakdown of expenditures by rooms and by categories of miscellaneous furnishings, if this is required.

On the question of what amounts have been paid by other governments for residences in Rio de Janeiro, I find that we do not have figures available for countries that might be regarded as comparable to Canada. We have, however, reports on residences constructed by two of the great powers which show that our expenditures are by no means of the same order of magnitude. In one case, a residence is reported to have been constructed about 1950 for \$2 million, this figure apparently not including the cost of the land or the furnishings. The residence includes a state dining room to seat 60 guests and a private dining room to seat 16, with other accommodation in proportion. In a second case, we understand that a residence was completed in 1944 at a cost in excess of \$2 million. We certainly have no need of accommodation such as this and no wish to incur such expenses.

We were also asked for other major expenditures which might be comparable for individual items to the mirrors. I have a list of items here costing in excess of \$500. I do not know if you would like to have it read. It is not very long. Would you like me to read it at this time?

The CHAIRMAN: Yes.

Mr. MATTHEWS: In the entrance hall there is a pair of wooden benches which I mentioned in my earlier statement and the cost for the pair was \$688; then there is a pair of mirrors and the cost for the pair was \$1,078. In the main reception room there are four 5-light wall sconces of English crystal at \$297 each, or a total of \$1,188; one pair of provincial console bracket tables, and the cost for the pair was \$747; two rugs 14 feet by 10 feet each at a combined price of \$1,575 and one grand piano \$2,405.

In the dining room there is one English crystal chandelier of which the cost was \$918; one pair of 5-light candelabra in crystal, the cost for the pair being \$832; one dining table which can be extended to seat 24 persons, for \$1,305; one buffet, 96 inches long for \$877.50; and one rug 19 feet by 13 feet for a cost of \$1,386.

In the small salon there is one 12-light chandelier of English crystal costing \$918; one rug 19 feet by 13 feet costing \$1,386 and one sofa \$582.

Those are all of the items individually costing \$500 or more.

Mr. FLEMING: They were purchased in Brazil? The list you speak of does not include purchases in Canada?

Mr. MATTHEWS: Yes. Most of those items were purchased in Canada.

Mr. FLEMING: Those are the items regardless of place of purchase of which the individual cost exceeded \$500?

Mr. MATTHEWS: That is right.

Mr. CRESTOHL: Is it not a fact that these things are not necessarily selected by the ambassador to the country, but by interior decorators or by people familiar with that work?

Mr. MATTHEWS: They are not selected by our representatives abroad at all. They are selected by specialists we have in the department in Ottawa who in most cases of expensive items like this get advice from professional people.

Mr. CRESTOHL: It is apparently a misstatement to say that the ambassador purchased these items?

Mr. MATTHEWS: He might recommend an item if he saw it locally, but he certainly would not have authority to say whether it could be purchased or not.

Mr. FLEMING: Where did the recommendation originate for the purchase of these articles in Brazil?

Mr. MATTHEWS: As to these particular mirrors—at that time the head decorator from Eaton's happened to be in Brazil and he recommended the purchase of these mirrors. He has told me that they are worth in the Canadian market several times what we paid for them.

Mr. FLEMING: You have given us a price of \$1,078 for a pair of them. That does not seem to jibe with my recollection of what Mr. Macdonnell said at the last meeting, I have looked up our proceedings and I find that at page 390 I asked:

"Q. What was the price?"

and he said:

"A. I do not believe that we have the details here. I am told that it was approximately \$2,000 for those mirrors."

Mr. MATTHEWS: He was told that at the meeting by me, but I had not got the right figures in my hand. It was only when we went back to our records that I found them.

Mr. FLEMING: These purchases have all been completed and there is nothing we can do about it now?

Mr. MATTHEWS: No. This list which I read to you has all been completed.

Mr. FLEMING: As to the remaining purchases you contemplate the purchase of articles and furnishings costing \$7,000 in Canada and \$14,000 in Brazil? Is that correct?

Mr. MATTHEWS: That would include rugs, silver, china, and some air-conditioning equipment. In furnishings we cover a very wide classification.

Mr. FLEMING: You use it in the broad sense?

Mr. MATTHEWS: Yes.

Mr. FLEMING: You spoke about having another statement which was broken down by rooms. Is it a lengthy statement, or could it be read into the record?

Mr. MATTHEWS: It is about three pages in length and it breaks down the actual expenditure under the headings of suites of furniture, rugs, drapes, chandeliers, lamps, and so on.

Mr. FLEMING: Could it be put on the record rather than you taking up the time to go over it now?

The CHAIRMAN: Is it the wish of the committee at this point to have this list tabled and printed?

Agreed.

(See Appendix A).

The CHAIRMAN: Are there any further questions?

Mr. BELL: Would these mirrors be antique in the sense that they would be purchased from an antique dealer, for instance, or would they be antique in the sense of having been in someone else's home, or do you mean they were of a sort of antique design?

Mr. MATTHEWS: No. They are originals.

Mr. BELL: And they would have been purchased from some reputable antique dealer?

Mr. MATTHEWS: Yes.

Mr. BELL: Would the other items down there probably be antique items?

Mr. MATTHEWS: No. I am not sure about all of them but certainly the great bulk of them would not be antique.

Mr. KNOWLES: Was any commission paid to the professional people who recommended the purchase of these items?

Mr. MATTHEWS: No.

The WITNESS: I would like to point out one great difficulty with which we are faced. When a house is purchased like the one purchased in Rio, it is in a certain style. When the owner had built the house—or when we buy a house there are certain pieces which are there and if they were taken out we would have to replace them with something which usually would be more expensive than the price we paid to the owner, if he is willing to leave them up, be it a mirror or something else which is really the main feature of decoration in any given room. So our dilemma is whether to purchase it from the owner, or refuse to purchase it and buy something else which might be more expensive. It really depends on the house we buy.

By Mr. Fleming:

Q. That was not the case here at all. Those mirrors were never used there before it was bought. They were purchased elsewhere and brought into the house after it was acquired by the Canadian government.—A. That is what I am told.

The CHAIRMAN: Are there any other questions? Is the item agreed to? Item agreed to.

Mr. FLEMING: Which item would that be?

The CHAIRMAN: That was item 94.

Mr. FLEMING: Then I would like to make a number of observations. I think that what we have seen here does call for the reassertion of something that has been said before in this committee that Canada should not be in the international sphere just on the basis of keeping up with the Joneses, and for my part, while these purchases have been made—the deal is made and nothing can now be done about it—I would like to express the hope that due care will be exercised in connection with the purchase both of properties and of furnishings abroad. I appreciate the difficulty of maintaining supervision from Ottawa upon purchases at distant places. It is not as easy to keep control, I well realize, as it is in the case of purchases at home. But I do want to revive that note of warning which has been sounded on several occasions in this committee

in the past in connection with the estimates, and we want to see the department exercising careful supervision and modesty in purchases of properties and furnishings abroad.

MR. CRESTOHL: Does Mr. Fleming base his supposition on the fact that up until now there has not been care and caution exercised by the department? I can see no justification for implying there has been lack of care and caution exercised in these purchases, and there is nothing before the committee to justify such a supposition.

MR. STICK: I have been a member of this committee for quite a long time and we have demonstrated here time and time again that it is not the policy of the Department of External Affairs to keep up with the Joneses in any case. There are purchases based upon our needs and according to the amount of money allocated for the purpose. Therefore, I back up what Mr. Crestohl has said, and say that time and time again this question has risen here and it has been demonstrated over and over again that it is not our policy to keep up with the Joneses at all and that our purchases abroad are based upon our needs principally.

The CHAIRMAN: Are there any other questions?

Item 95—Representation Abroad—Construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, \$1,987,207.

MR. FLEMING: That is the item on which we have the figure of \$805,000 for unallotted capital items. I made this comment before, when I said at the conclusion of the last meeting that I did not think it was sound practice to have unallotted capital items in the estimates. I appreciate the force of the point raised by Mr. Macdonnell and Mr. Matthews that sometimes opportunities offer themselves in some of the capitals abroad where it may be the intention to acquire property for the Canadian embassy or legation at some time, but I think there is a higher principle to be observed, and that is the principle of parliamentary control over expenditures; and so far as opportunities arising, we are accustomed to having supplementary estimates brought before the house on about three occasions in the year. There are about four—normally about four periods in the year when estimates can be brought before the house for approval. In all the other cases care is taken to submit to the committee the details of the estimates in relation to the proposed acquisition of properties, and I think that is a sound principle to follow.

Therefore, Mr. Chairman, I move the reduction in item 95 "Representation abroad" of the sum of \$805,000 being the total of unallotted capital items, as appearing on page 91 of our proceedings.

The CHAIRMAN: Before calling for a vote, Mr. Matthews has a statement to make in connection with the questions raised by Mr. Fleming. I now call on Mr. Matthews.

MR. MATTHEWS: This sum of unallotted expenditure is included in the Department of External Affairs estimates prepared in November to cover expenditures for the fiscal year beginning the following April 1. At the time the estimates are prepared, the department does know in which capitals its residences or chancery premises are unsatisfactory and also which property leases will expire during the year covered by the estimates. The department, however, does not in many cases know which of those leases it may be possible to renew on reasonable terms. Neither does it know in which capitals suitable premises may become available to rent to replace one that is unsatisfactory or for which the lease of the existing property cannot be renewed. Therefore, all that can be done at the time the main estimates are prepared is to draw up a list of those capitals where housing problems may arise during the year.

It is probable that many of those problems will be solved by leasing properties. However, where nothing adequate is offered for rent, where rentals are exorbitant, or where properties offered for rental are unsatisfactory it will in certain cases during the year be decided that the best solution is to buy or to build. Most often this decision will be taken in relation to cities where accommodation is scarce. These are the very cities where an existing house or suitable land for building does not remain long on the market. If a purchase is to be made it is essential that the deal be closed with a minimum of delay. Before making a firm offer, we consider it essential to obtain valuations from independent valuers, to have a physical examination made of any building, and then to have the matter carefully considered in the department before a submission is made to treasury board. This procedure alone takes several months before a deal can be closed and it appears to be essential to have money available immediately after treasury board authority has been obtained.

The problem is how best to have this money available within the estimates procedures.

If we wait until all terms of a purchase are known before the funds are asked from parliament, the funds would only become available on two occasions during the year, in early summer when the main estimates and first supplementaries are voted and again at the end of March when the final supplementaries are voted. The time elapsing between the submission of estimates by the department to treasury board and their voting by parliament is usually many months. If, therefore, funds are to be voted by parliament only after offers to purchase are obtained, we could only deal on the basis of options to buy open for six to nine months. For example, if a purchase had been negotiated at any time since the first supplementary estimates were submitted to treasury board over one month ago, we could not close the deal until next March when the final supplementary estimates will be voted by parliament. On such terms we would be able to buy few properties.

The only other manner in which parliament could be asked to vote funds for specific purchases or building projects would be to ask that funds be voted for each project that may develop during the year covered by the estimates. As was pointed out at a previous meeting, the list of possible requirements during this fiscal year as foreseen last November totalled an amount of approximately \$1,800,000. We know, however, that the problems in many of the capitals involved will be solved by renting. We also know that we could not properly supervise and investigate purchase or building projects in all cases where buying or building may be the best solution. Therefore, if we submitted estimates to cover all these cases we would be asking parliament to vote several times the amount of money which we expect to be able to spend sensibly during the fiscal year.

To date the best solution of this problem that we have been able to devise is to include in the estimates an amount which we think we will need to spend and can spend intelligently during the year. We can in this committee indicate the larger list of capitals where buying or building projects might occur during the fiscal year. It is, however, only as transactions are negotiated that we can give precise information as to the place where those expenditures will be incurred and of the exact amounts of the expenditures in each place. These more precise amounts can then be submitted to this committee at the end of the fiscal year.

We realize that the procedure we adopted does not meet with all of the desires of this committee, but so far we have not been able to suggest a better one.

Mr. CRESTOHL: How long, Mr. Matthews, has this practice been going on? Does it go back for many years?

Mr. MATTHEWS: Since we started buying properties.

Mr. CRESTOHL: And that has been the method of operation?

Mr. MATTHEWS: Yes.

Mr. CRESTOHL: And you have not been able to suggest anything better?

Mr. MATTHEWS: No. For a little while we were putting in most of the items that we foresaw, so we could name them. But, that meant that parliament voted us a far larger sum than we were able to expend, or more than we really would be able to—

Mr. CRESTOHL: Would it not create a little hardship, if Mr. Fleming's motion were to be adopted?

Mr. MATTHEWS: I think we would lose very many properties. We would buy very few.

The CHAIRMAN: Are you ready for the question? The motion made by Mr. Fleming reads as follows: "That this committee recommended to the House that item 95,—Representation Abroad—Capital be reduced by the sum of \$805,000, being the amount of the actual "unallotted capital items." Those in favour of the motion will raise their hands.

Mr. FLEMING: Would you poll the committee, Mr. Chairman?

Mr. STICK: Is there a motion, Mr. Chairman, before the Chair to have a recorded vote?

The CHAIRMAN: Mr. Fleming has asked for that.

Mr. FLEMING: Yes, I asked for it.

The CHAIRMAN: That is what I understood.

The Clerk of the Committee polled the Members.

The CHAIRMAN: The nays have it, nine against, and six in favour. I declare the motion lost. Shall item 95 carry?

Item agreed to.

Item 109—International Joint Commission—Salaries and Expenses—
Shall the Item carry?

Item agreed to.

Item 110—International Joint Commission—Studies and Surveys—
Shall the item carry?

Item agreed to.

Item 92—Departmental Administration—Shall the item carry?

Item agreed to.

The CHAIRMAN: That is all for to-day.

Mr. FLEMING: Mr. Chairman, I suppose this will be our final meeting.

The CHAIRMAN: We will have another meeting before presenting our report. I would like to have your views on the report, so I will call a meeting when the report is completed.

Mr. FLEMING: I take it then, Mr. Chairman, this is probably the last meeting that we will have the officials of the department with us. May I take this opportunity to say that it has been this year, as always, a pleasure to have the officials of the department with us. It is one of the things that contributes to the atmosphere that this committee has happily enjoyed, and we do enjoy very much the contacts with the officials of this department. We would like to tell them how much we appreciate their devotion to their duties, and the high quality of the particular services they render.

The CHAIRMAN: Mr. Crestohl?

Mr. CRESTOHL: Mr. Chairman, I wonder whether you have given any consideration to the suggestion I made at the last meeting about the International Joint Commission in respect to all its problems—fisheries, salmon, and power—coming before the External Affairs committee? You said you would give that matter some study, whether or not these matters should not go before a separate committee concerned with the preservation of these things.

The CHAIRMAN: The best way to deal with your proposition, Mr. Crestohl, would be to submit this question to the steering committee.

Mr. CRESTOHL: Very well. I just wanted to know since we are not meeting again. Would you then consider it as an item to be submitted to the steering committee?

The CHAIRMAN: Surely, with pleasure.

Before we separate, I wish, on behalf of all the members of this committee, to thank very much the officials of the Department of External Affairs for their cooperation and their willingness, and I am very grateful as Chairman for the consideration they have shown me on every occasion.

APPENDIX A

BREAKDOWN OF MAIN EXPENDITURES

CANADIAN EMBASSY

RIO DE JANEIRO BRAZIL

MAIN SALON No. 3

Furniture	4,079.02	
Rugs	1,575.00	
Drapes	487.48	
Chandelier & Lamps	1,738.35	
Piano	2,405.50	10,285.35

SALON No. 2

Furniture	4,937.98	
Rug	1,386.00	
Drapes	387.86	
Chandelier & Lamps	1,296.00	8,007.84

DINING ROOM No. 4

Furniture	7,749.00	
Rug	1,386.00	
Drapes	375.03	
Chandelier & Lamps	1,185.50	11,395.53

LIBRARY No. 1

Furniture	1,721.54	
Rug	495.00	
Drapes	340.45	
Lamps	269.96	2,826.95

BEDROOM No. 21

Furniture	3,117.60	
Rug	472.60	
Drapes & Bedspread	281.12	
Lamps	441.90	4,313.12

BEDROOM No. 22

Furniture	3,123.00	
Rug	472.50	
Drapes & Bedspread	355.60	
Lamps	301.50	4,250.60

BEDROOM No. 18

Furniture	2,359.05	
Rug	337.50	
Drapes & Bedspread	373.87	
Lamps	121.50	3,191.92

BEDROOM No. 16

Furniture	1,861.20	
Rug	202.50	
Drapes & Bedspread	329.86	
Lamps	106.65	2,500.21

HALLWAYS

Furniture	2,634.27	
Rugs	443.79	
Lamps	145.80	3,223.86
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Terrace off Library	1,392.45	
Terrace off Dining Room	1,816.65	
Swimming Pool Gallery	1,898.61	5,107.71
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MISCELLANEOUS FURNISHINGS

Silver Flatware & Holloware	4,400.00
China	648.00
Crystal	500.00
Bed Linens & Blankets	1,591.00
Towel Supply & Bath Mats	756.00
Formal and Informal Table Linen	2,305.00
Kitchen & Pantry Service	
Equipment (non-electrical)	200.00

EQUIPMENT

(A)	6 Dehumidifiers	622.50	
	Cooking Ranges	678.85	
	Working Surfaces,		
	Sinks, Warming Oven etc. ..	3,946.65	5,248.00
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(B)	2 Refrigerators		
	1 Deep Freeze		
	Coffee Maker, Grill & mixers		1,904.00
(C)	<i>Miscellaneous Household Electrical</i>		
	Vacuum Cleaners		
	Floor Polisher		
	Sewing Machine		
	Steam Iron		
	Electric Hotwater Pressure Tank		477.00
(D)	<i>Laundry</i>		
	Washing Machine		
	Dryer and Ironer		800.00
(E)	<i>Garden</i>		
	Power Lawn Mower,		
	Garden Maintenance Tools		675.00
(F)	<i>Bedrooms</i>		
	Air conditioners for		
	6 bedrooms only		3,000.00
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TOTAL

\$77,607.09

OTTAWA, 13 June 1956.

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